

RUTHERFORD COUNTY PUBLIC FACILITIES COMPANY

AND

REGIONS BANK,
AS TRUSTEE

INDENTURE OF TRUST

Dated as of
December 1, 2007

This instrument has been entered into by the within-described parties to secure certain Certificates of Participation Evidencing Proportionate Undivided Interests in Rights to Receive Certain Revenues pursuant to an Installment Financing Contract between Rutherford County Public Facilities Company and the County of Rutherford, North Carolina, as more fully described herein.

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INDENTURE OF TRUST

THIS INDENTURE OF TRUST dated as of December 1, 2007 (this "*Indenture*"), by and between **RUTHERFORD COUNTY PUBLIC FACILITIES COMPANY** (the "*Corporation*") and **REGIONS BANK**, as trustee (the "*Trustee*"), a state banking corporation duly organized and validly existing under the laws of the State of Alabama, having an office and place of business in Charlotte, North Carolina, being authorized to accept and execute trusts of the character herein set out.

WITNESSETH:

WHEREAS, the County of Rutherford, North Carolina (the "*County*") is a duly and regularly created, organized and existing political subdivision validly existing as such under and by virtue of the Constitution, statutes and laws of the State of North Carolina (the "*State*");

WHEREAS, the County, for the purposes of financing the Project (as defined herein), has, under Section 160A-20 of the General Statutes of North Carolina, entered into an Installment Financing Contract dated as of December 1, 2007 (the "*Contract*") with the Corporation under which it will make Installment Payments and Additional Payments in consideration thereof;

WHEREAS, pursuant to this Indenture, the Corporation has assigned all of its right, title and interest in and to the Trust Estate, including (1) the Contract (except the rights of the Corporation under Article X, certain notice rights and those Additional Payments payable to the Corporation under the Contract), (2) the Deed of Trust and the Premises and (3) all moneys and securities from time to time held by the Trustee under this Indenture in any fund or account (other than the Rebate Fund), each as further described herein;

WHEREAS, the Certificates (as defined herein) evidence proportionate undivided interests in the rights to receive certain Revenues (as defined herein) payable by the County under and pursuant to the Contract and shall be payable solely from the sources provided for in this Indenture;

WHEREAS, pursuant to the Contract, the County will pay certain Installment Payments in consideration for the advancement by the Corporation of the Purchase Price (as such terms are defined in the Contract) of the Project (as defined herein), which Installment Payments will be deposited by the Trustee in the funds and accounts established hereunder in accordance with the terms hereof and of the Contract;

WHEREAS, the execution, delivery and performance of the Contract by the Corporation, and the assignment by the Corporation to the Trustee, pursuant to this Indenture, of the Trust Estate have been authorized, approved and directed by all necessary and appropriate action of the Corporation;

WHEREAS, the Trustee has entered into this Indenture for and on behalf of the Owners (as defined herein), and will hold its rights hereunder, except as otherwise specifically provided herein, for the equal and proportionate benefit of the Owners, and will disburse moneys received by the Trustee in accordance with this Indenture;

WHEREAS, the obligation of the County to make Installment Payments and Additional Payments under and pursuant to the Contract shall not constitute a pledge of the faith and credit of the County within the meaning of the Constitution of the State;

WHEREAS, to further secure the obligations of the County under the Contract, the County will enter into the Deed of Trust and Security Agreement, dated as of December 1, 2007 (the "*Deed of Trust*"), with the deed of trust trustee named therein, for the benefit of the Corporation and its assignee;

WHEREAS, no deficiency judgment may be rendered against the County in any action for its breach of the Contract, and the taxing power of the County is not and may not be pledged in any way directly or indirectly or contingently to secure any moneys due under the Contract; and

WHEREAS, all things necessary to make the Certificates, when executed and delivered by the Corporation and executed and authenticated by the Trustee as in this Indenture provided, legal, valid and binding proportionate interests in rights to receive certain Revenues pursuant to the Contract, as herein provided, and to constitute this Indenture a valid, binding and legal instrument for the security of the Certificates in accordance with its terms, have been done and performed;

NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

That the Corporation, in consideration of the premises and the mutual covenants herein contained and for the benefit of the Owners and the sum of One Dollar (\$1.00) to it duly paid by the Trustee at or before the execution of these presents, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, to secure the payment of the principal, premium, if any, and interest with respect to all Certificates at any time outstanding under this Indenture, according to their tenor and effect, and to secure the performance and observance of all the covenants and conditions in the Certificates and herein contained, and to declare the terms and conditions on and subject to which the Certificates are executed and delivered and secured, has executed and delivered this Indenture and has granted, warranted, aliened, remised, released, conveyed, assigned, pledged, set over and confirmed, and by these presents does grant, warrant, alien, remise, release, convey, assign, sell, set over and confirm unto Regions Bank, as the Trustee, and to its successors and assigns forever, all and singular the following described property, franchises and income (collectively, the "*Trust Estate*");

(a) All rights, title and interest of the Corporation in the Contract, except its rights under Article X thereof, its rights to receive notices and those Additional Payments payable to the Corporation under the Contract;

(b) All rights, title and interest of the Corporation in the Deed of Trust and the Premises; and

(c) All moneys and securities from time to time held by the Trustee under this Indenture in any fund or account (except the Rebate Fund) and any and all other personal property of every name and nature from time to time hereafter by delivery or by writing of any kind specially, pledged or hypothecated, as and for additional security hereunder, by the Corporation, or by anyone on its behalf, in favor of the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended to be, to the Trustee and its successors in said trust and assigns forever;

IN TRUST, NEVERTHELESS, on the terms herein set forth for itself and for the equal and proportionate benefit, security and protection of all Owners, without privilege, priority or distinction as to the lien or otherwise of any of the Certificates over any other of the Certificates;

PROVIDED, HOWEVER, that if the principal with respect to the Certificates and the premium, if any, and the interest due or to become due thereon, shall be paid at the times and in the manner mentioned in the Certificates according to the true intent and meaning thereof, and if there are paid to the Trustee all sums of money due or to become due to the Trustee in accordance with the terms and provisions hereof, then on such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture to be and remain in full force and effect; and

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared, that all Certificates executed and delivered and secured hereunder are to be executed, authenticated and delivered and all said property, rights, interests, revenues and receipts hereby pledged, assigned and mortgaged are to be dealt with and disposed of under, on and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Corporation has agreed and covenanted, and does hereby agree and covenant, with the Trustee for the benefit of the Owners, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. ***Definitions.*** All words and phrases defined in Article I of the Contract have the same meaning in this Indenture and are incorporated herein by reference. In addition, the following terms, except where the context indicates otherwise, have the respective meanings set forth below.

“Acquisition and Construction Fund” means the special fund created under Section 3.11 of this Indenture.

“Additional Certificates” means Certificates executed and delivered in accordance with Section 2.11.

“Arbitrage and Tax Regulatory Agreement” means the Arbitrage and Tax Regulatory Agreement dated December 20, 2007, executed by and among the County, the Corporation and the Trustee to signify the acceptance of certain covenants and obligations necessary for the exclusion of interest with respect to the 2007 Certificates from the gross income of the owners thereof under the Internal Revenue Code of 1986, as amended.

“Business Day” means a day on which both the Trustee and the County are not required or authorized by law to remain closed.

“Cede & Co.” means Cede & Co., the nominee of DTC or any successor nominee of DTC with respect to the Certificates.

“Certificates” or *“Certificates of Participation”* means the 2007 Certificates and any Additional Certificates.

“Certificate Fund” means the special fund created under Section 3.02 of this Indenture.

“Contract” means the Installment Financing Contract dated as of December 1, 2007 between the Corporation and the County and any amendments or supplements thereto including the Exhibits attached thereto.

"Corporation Representative" means any person or persons at the time designated to act on behalf of the Corporation for purposes of performing any act on behalf of the Corporation under the Contract and this Indenture by a written certificate furnished to the County and the Trustee containing the specimen signature of such person or persons and signed on behalf of the Corporation by its President.

"Cost of Acquisition and Construction" includes payment of or reimbursement for the following items:

- (a) the Costs of Issuance;
- (b) obligations incurred or assumed for the Project in connection with the acquisition, construction, renovation and equipping thereof, including, without limitation, costs of obtaining title insurance and a survey of the Site that are subject to the Deed of Trust;
- (c) the cost of acquisition, construction, renovation, equipping and refinancing of the Project, including, without limitation, the Corporation's fees and expenses (including the fees and expenses of its counsel), the fees and expenses of the LGC, legal fees and expenses, taxes, inspection costs, a financial guaranty insurance policy, if any, printing costs, permit fees, filing and recording costs and advertising expenses in connection with the acquisition, construction, renovation and equipping of the Project; and
- (d) all other costs which are considered to be a part of the cost of acquisition, construction, renovation and equipping of the Project in accordance with generally accepted accounting principles and which will not affect the exclusion from gross income for federal income tax purposes of the designated interest component of Installment Payments payable by the County, including sums required to reimburse the County for advances made by the County that are properly chargeable to the acquisition, construction, renovation and equipping of the Project.

"Costs of Issuance" means the costs incurred in connection with the initial execution and delivery of the Certificates, including, without limitation, all printing expenses in connection with this Indenture, the Contract, and the documents and certificates contemplated hereby, the Preliminary Official Statement and the Official Statement for the Certificates, and the Certificates, legal fees and expenses of counsel to the Corporation, special counsel, counsel to the County, other counsel, counsel to the purchaser or purchasers of the Certificates, rating agency fees, any accounting expenses incurred in connection with determining that the Certificates are not "arbitrage bonds" within the meaning of the Code, the Trustee's initial fees and expenses (including attorney's fees), and state license fees, on the submission of requisitions by the County signed by a County Representative stating the amount to be paid, to whom it is to be paid and the reason for such payment, and that the amount of such requisition is justly due and owing and has not been the subject of another requisition which was paid and is a proper expense of executing and delivering the Certificates.

"DTC" means The Depository Trust Company, a limited purpose company organized under the law of the State of New York, and its successors and assigns.

"DTC Participant" or *"DTC Participants"* means securities brokers and dealers, banks, trust companies, clearing corporations and certain other corporations which have access to the DTC system.

"Event of Default" means those events specified as such in Section 7.01 of this Indenture.

"Federal Securities" means, to the extent such investments qualify under Section 159-30 of the General Statutes of North Carolina as amended from time to time, (a) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America are pledged (including any securities issued or held in the name of the Trustee in book entry form on the books of the Department of the Treasury of the United States of America) which obligations are held by the Trustee and are not subject to prepayment or purchase before maturity at the option of anyone other than the holder; (b) any bonds or other obligations of any state or territory of the United States of America or of any agency, instrumentality or local governmental unit of any such state or territory which are (1) not callable before maturity or (2) as to which irrevocable instructions have been given to the trustee or escrow agent of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified, and which are rated by Moody's and S&P within its highest rating category and which are secured as to principal, redemption premium, if any, and interest by a fund consisting only of cash or bonds or other obligations of the character described in clause (a) of this definition which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified prepayment date or dates pursuant to such irrevocable instructions, as appropriate; or (c) evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in clause (a) or (b) held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in clause (a) or (b), and which underlying obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated.

"Insurer" means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto or assignee thereof.

"Interest Payment Date" means each June 1 and December 1, beginning June 1, 2008.

"LGC" means the Local Government Commission of North Carolina.

"Moody's" means Moody's Investors Service, its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, *"Moody's"* will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation with the consent of the Insurer.

"Opinion of Counsel" means an opinion in writing of legal counsel, who may be counsel to the Trustee, the County or the Corporation.

"Outstanding" or *"Certificates Outstanding"* means all Certificates which have been executed and delivered, except:

- (a) Certificates canceled or which have been surrendered to the Trustee for cancellation;
- (b) Certificates in lieu of which other Certificates have been authenticated under Sections 2.08 or 2.09;
- (c) Certificates which have been prepaid as provided in Article IV (including Certificates prepaid on a partial payment as provided in Section 4.01); and

(d) Certificates which are deemed to have been paid under Article VI.

The term “*Outstanding*” or “*Certificates Outstanding*” specifically includes 2007 Certificates with respect to which the principal or interest has been paid by the Insurer.

“*Owner*” or “*Owners*” means, initially, Cede & Co., as nominee for DTC, and in the event the book-entry system of evidence and transfer of ownership in the Certificates is discontinued pursuant to Section 2.02, the registered owner or owners of any Certificate fully registered as shown in the registration books of the Trustee.

“*Permitted Investments*” means Federal Securities and any other investments which are qualified under Section 159-30 of the General Statutes of North Carolina, as amended from time to time.

“*Person*” or “*person*” means natural persons, firms, associations, corporations and public bodies.

“*Policy*” means the municipal bond insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest with respect to the 2007 Certificates when due in accordance with the terms thereof.

“*Prepayment Fund*” means the special fund created under Section 3.07.

“*Project*” means the construction, acquisition and equipping of Rutherfordton Elementary School, together with any and all additions, improvements, modifications and fixtures made a part thereof.

“*Rebate Fund*” means the special fund created under Section 3.09.

“*Site*” means the real property upon which the Premises are located.

“*S&P*” means Standard and Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., its successors and their assigns, and, if such entity for any reason no longer performs the function of a securities rating agency, “*S&P*” will be deemed to refer to any other nationally recognized securities rating agency designated by the Corporation.

“*Trustee*” means Regions Bank, acting in the capacity of trustee for the Owners pursuant to the Indenture, and any successor thereto appointed under this Indenture.

“*Trust Estate*” means the property pledged and assigned to the Trustee pursuant to and defined as such in the granting clauses hereof.

“*Trustee Representative*” means the person or persons at the time designated to act on behalf of the Trustee for purposes of performing any act on behalf of the Trustee under this Indenture by a written certificate furnished to the County and the Corporation containing the specimen signature of such person or persons and signed on behalf of the Trustee by any duly authorized officer of the Trustee.

“*2007 Certificates*” means the \$14,680,000 Certificates of Participation, Series 2007 evidencing proportionate undivided interests in rights to receive certain Revenues pursuant to the Contract.

“*Underwriter*” means Wachovia Bank, National Association.

Section 1.02. ***Interpretations.*** For purposes of this Indenture:

(a) *Successors.* References to specific persons, positions or officers include those who or which succeed to or perform their respective functions, duties or responsibilities.

(b) *Laws.* References to the Code, or to the laws or Constitution of the State, or rules or regulations thereunder, or to a section, division, paragraph or other provision thereof, include those laws and rules and regulations, and that section, division, paragraph or other provision thereof as from time to time amended, modified, supplemented, revised or superseded, provided that no such amendment, modification, supplement, revision or supersession shall be applied to alter the obligation to pay the principal, premium, if any, or interest due and owing with respect to the Certificates Outstanding in the amount and manner, at the times, and from the sources provided in this Indenture, except as otherwise herein permitted.

(c) *Singular/Plural.* Unless the context otherwise indicates, words importing the singular number include the plural number and words importing the plural number include the singular number.

(d) *Computations.* Unless otherwise provided in this Indenture or the facts are then otherwise, all computations required for the purposes of this Indenture shall be made on the assumptions that: (1) all Installment Payments are paid as and when the same become due; and (2) all credits required by this Indenture to be made to any fund or account are made in the amounts and at the times required.

(e) *Exclusion of Certificates Held by or for the County and the Corporation.* In determining whether the Owners of the requisite principal amount of Certificates Outstanding have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Certificates owned by the County and the Corporation shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee is protected in relying on any such request, demand, authorization, direction, notice, consent or waiver, only Certificates which the Trustee actually knows to be so owned shall be disregarded.

(f) *Counsel Opinions.* Any opinion of counsel may be qualified by reference to the constitutional powers of the United States of America and the State, the police and sovereign powers of the State, judicial discretion, and bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights and similar matters.

(g) *Consolidated Certifications, Opinions and Instruments.* When several matters are required to be certified by, or covered by an opinion of, any specified person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such person, or that they are so certified or covered by only one document, but one such person may certify or give an opinion with respect to some matters and one or more other such persons as to other matters, and any such person may certify or give an opinion as to such matters in one or several documents. When any person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, such instruments may, but need not, be consolidated and form one instrument.

(h) *Opinions and Certifications of County and Corporation.* Any certificate or opinion of an officer of the County or Corporation may be based, insofar as it relates to legal matters, on a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters on which his or her certificate or opinion is based are erroneous. Any such certificate or opinion may be based, insofar as it relates to factual matters, on a certificate or opinion of, or representations by, an officer or officers of the Corporation or the County stating that the information with respect to such factual matters is in the possession of the County or the Corporation, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such factual matters are erroneous.

(i) *References to Indenture.* The terms “*herein*,” “*hereunder*,” “*hereby*,” “*hereto*,” “*hereof*” and any similar terms refer to this Indenture as a whole and not to any particular article, section or subdivision hereof; and the term “*heretofore*” means before the date of execution of this Indenture, the term “*now*” means at the date of execution of this Indenture, and the term “*hereafter*” means after the date of execution of this Indenture.

(j) *Section and Article References.* References in this Indenture to Section or Article numbers, without added references to other documents, are to the indicated Sections or Articles in this Indenture.

(k) *Gender.* Words of the masculine gender include correlative words of the feminine and neuter genders.

(l) *Remedies.* Nothing expressed or implied in this Indenture is intended or shall be construed to confer on or to give any Person, other than the County, the Insurer, the Trustee, the Corporation and the Owners of the Certificates, any right, remedy or claim under or by reason of this Indenture or any covenant, agreement, condition or stipulation hereof.

(m) *References to Fees and Expenses.* Whenever this Indenture contains a reference to fees or expenses, such reference is deemed to include the word “*reasonable*” as an antecedent thereto.

[End of Article I]

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION AND DELIVERY OF CERTIFICATES

Section 2.01. ***Authorized Amount of Certificates.*** No Certificates may be executed or delivered hereunder except in accordance with this Article II. The aggregate principal amount of 2007 Certificates that may be executed and delivered pursuant to Section 2.07 is \$14,680,000. Additional Certificates may be delivered as provided in Section 2.11 of this Indenture.

Section 2.02. ***Execution and Delivery of Certificates.*** To provide funds for the payment of the Cost of Acquisition and Construction and to provide moneys for deposit in the other funds and accounts created hereunder, the Certificates shall be executed, sold and delivered hereunder. The Certificates shall constitute proportionate undivided interests in the rights to receive Revenues under the Contract.

The 2007 Certificates shall mature (subject to the right of prior prepayment as hereinafter set forth) on December 1 in each year in the amounts and bear interest (computed on the basis of a 360-day year of twelve 30-day months and payable on each Interest Payment Date) from the dates as determined by reference to the paragraphs below until the principal with respect to said 2007 Certificates has been paid in full or duly provided for in accordance with the provisions hereof as follows:

MATURITY DATE (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE	MATURITY DATE (DECEMBER 1)	PRINCIPAL AMOUNT	INTEREST RATE
2008	\$75,000	4.00%	2014	\$840,000	5.00%
2009	145,000	4.00	2015	840,000	5.00
2010	215,000	4.00	2016	840,000	4.00
2011	540,000	4.00	2017	840,000	5.00
2011	300,000	5.00	2018	840,000	5.00
2012	640,000	4.00	2019	840,000	4.00
2012	200,000	5.00	2020	840,000	5.00
2013	840,000	5.00	2027	5,845,000	5.00

The 2007 Certificates shall be dated as of the date of their delivery, if executed and delivered before the first Interest Payment Date, or if executed and delivered on any later date, as of the Interest Payment Date next preceding their date of execution and delivery, or if executed and delivered on an Interest Payment Date, as of such date; provided, however, that if the interest with respect to the 2007 Certificates has not been paid in full and is in default, 2007 Certificates executed and delivered in exchange for 2007 Certificates surrendered for transfer or exchange will be dated as of the date to which interest has been paid in full on the 2007 Certificates so surrendered.

The 2007 Certificates will be executed and delivered by means of a book-entry system with no physical distribution of 2007 Certificates made to the public. One 2007 Certificate for each maturity will be delivered to DTC and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2007 Certificates in principal amounts of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant will be credited in the records of DTC with the amount of such DTC Participant's interest in the 2007 Certificates. Beneficial ownership interests in the 2007 Certificates may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are

hereinafter referred to as the "*Beneficial Owners*." The Beneficial Owners will not receive 2007 Certificates representing their beneficial ownership interests. The ownership interests of each Beneficial Owner will be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Certificates. Transfers of ownership interests in the 2007 Certificates will be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE 2007 CERTIFICATES, THE TRUSTEE SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE 2007 CERTIFICATES FOR ALL PURPOSES UNDER THE INDENTURE, INCLUDING RECEIPT OF ALL PRINCIPAL, PREMIUM, IF ANY, AND INTEREST WITH RESPECT TO THE 2007 CERTIFICATES, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS INDENTURE.

Payments of principal, interest and prepayment premium, if any, with respect to the 2007 Certificates, so long as DTC is the only Owner of the 2007 Certificates, will be paid by the Trustee directly to DTC or its nominee, Cede & Co., as provided in the Blanket Letter of Representation dated October 1, 2002 from the County to DTC (the "*Letter of Representation*"). DTC will remit such payments to DTC Participants, and such payments thereafter will be paid by DTC Participants to the Beneficial Owners. The County and the Trustee shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the 2007 Certificates or (b) the County determines that the continuation of the book-entry system of evidence and transfer of ownership of the 2007 Certificates would adversely affect the interests of the County or the Beneficial Owners of the 2007 Certificates, the County shall discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the County will cause the Trustee to authenticate and deliver replacement Certificates in the form of fully registered 2007 Certificates to each Beneficial Owner.

THE COUNTY, THE CORPORATION AND THE TRUSTEE DO NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE 2007 CERTIFICATES; (B) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (C) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AND PREMIUM, IF ANY, AND INTEREST WITH RESPECT TO THE 2007 CERTIFICATES; (D) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS INDENTURE TO BE GIVEN TO OWNERS; (E) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL PREPAYMENT OF THE 2007 CERTIFICATES; OR (F) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

In the event that a book-entry system of evidence and transfer of ownership of the 2007 Certificates is discontinued pursuant to the provisions of this Section, the 2007 Certificates shall be delivered solely as fully registered Certificates without coupons in the denominations of \$5,000 and any integral multiple thereof, shall be lettered "R" and numbered separately from 1 upward, and shall be payable, executed, authenticated, registered, exchanged and canceled pursuant to the provisions of Article II hereof.

The Certificates and any premiums on the prepayment thereof before maturity will be payable in lawful money of the United States of America and at the principal corporate trust office of the Trustee on presentation and surrender. Interest with respect to the Certificates will be paid by the Trustee by check mailed on the Interest Payment Date to each Owner as its name and address appear on the register kept by

the Trustee at the close on the fifteenth day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

Section 2.03. **Limited Obligation.** Each Certificate shall evidence a proportionate undivided interest in the right to receive certain Revenues. The Certificates are payable solely from Revenues as, when and if the same are received by the Trustee, which Revenues are to be held in trust by the Trustee for such purposes in the manner and to the extent provided herein. The Owner of each Certificate is not entitled to receive more than the amount of principal, premium, if any, and interest represented by such Certificate. The Certificates do not constitute a debt of the County or any assignee of the County under the Contract.

NOTWITHSTANDING ANY PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST WHICH MAY BE TO THE CONTRARY, NO PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A PLEDGE OF THE FAITH AND CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. NO PROVISION OF THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL BE CONSTRUED OR INTERPRETED AS CREATING A DELEGATION OF GOVERNMENTAL POWERS NOR AS A DONATION BY OR A LENDING OF THE CREDIT OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE. THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE COUNTY TO MAKE ANY PAYMENTS BEYOND THOSE APPROPRIATED IN THE SOLE DISCRETION OF THE COUNTY FOR ANY FISCAL YEAR IN WHICH THE CONTRACT IS IN EFFECT; PROVIDED, HOWEVER, ANY FAILURE OR REFUSAL BY THE COUNTY TO APPROPRIATE FUNDS, WHICH RESULTS IN THE FAILURE BY THE COUNTY TO MAKE ANY PAYMENT COMING DUE UNDER THE CONTRACT WILL IN NO WAY OBVIATE THE OCCURRENCE OF THE EVENT OF DEFAULT RESULTING FROM SUCH NONPAYMENT. NO DEFICIENCY JUDGMENT MAY BE RENDERED AGAINST THE COUNTY IN ANY ACTION FOR ANY BREACH OF THE CONTRACT, THIS INDENTURE OR THE DEED OF TRUST, AND THE TAXING POWER OF THE COUNTY IS NOT AND MAY NOT BE PLEDGED DIRECTLY OR INDIRECTLY OR CONTINGENTLY TO SECURE ANY MONEYS DUE UNDER THIS INDENTURE, THE CONTRACT OR THE DEED OF TRUST. TO THE EXTENT OF ANY CONFLICT BETWEEN THIS PARAGRAPH AND ANY OTHER PROVISION OF THIS INDENTURE, THIS PARAGRAPH SHALL TAKE PRIORITY AND SHALL INCORPORATE HEREIN BY REFERENCE ARTICLE XIV OF THE CONTRACT.

Section 2.04. **Execution of the Certificates.** The Certificates shall be executed on behalf of the Corporation with the manual or facsimile signature of its President or Vice President and shall have impressed or imprinted thereon, by facsimile or otherwise, the official seal of the Corporation, and be attested with the manual or facsimile signature of its Secretary or Assistant Secretary. If any officer of the Corporation whose signature or whose facsimile signature appears on the Certificates ceases to be such officer before the authentication of such Certificates, such signature or the facsimile thereof shall nevertheless be valid and sufficient for all purposes as if he had remained in office until authentication; and any Certificate may be signed on behalf of the Corporation by such persons as are at the time of execution of such Certificate proper officers of the Corporation, even though at the date of this Indenture, such person was not such officer.

Section 2.05. **Authentication.** No Certificate is valid or becomes obligatory for any purpose or is entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Certificate substantially in the form included in Exhibit A hereto has been duly executed by the Trustee and such executed certificate of the Trustee on any such Certificate is conclusive evidence that such Certificate has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Certificate shall be deemed to have been executed by it if signed by an authorized officer or signatory of the Trustee, but it is not necessary that the same officer or signatory sign the certificate of authentication on all of the Certificates executed and delivered hereunder.

Section 2.06. **Form of 2007 Certificates.** The 2007 Certificates shall be substantially in the form set forth in Exhibit A to this Indenture, with such appropriate variations, omissions and insertions as may be permitted or required hereby.

Section 2.07. **Delivery of the 2007 Certificates.** On the execution and delivery of this Indenture, the Corporation shall initially execute and deliver the 2007 Certificates in the aggregate principal amount of \$14,680,000 to the Trustee, and the Trustee shall authenticate the 2007 Certificates and shall deliver them to the original purchaser thereof as directed by the Corporation as hereinafter in this Section provided.

(a) Before the delivery of any of the 2007 Certificates, the Trustee shall have received:

(1) an originally executed counterpart of the Contract, this Indenture and the Deed of Trust and a certified copy of the resolution adopted by the Board approving the Contract;

(2) a request and authorization to the Trustee on behalf of the Corporation and signed by a Corporation Representative to authenticate and deliver the 2007 Certificates;

(3) the approval of the LGC; and

(4) an executed opinion of nationally recognized bond counsel.

(b) Then, the Trustee shall deliver the 2007 Certificates, on payment to the Trustee of a sum specified in a separate certificate purchase agreement among the County, the Corporation and the Underwriter, plus accrued interest with respect to the 2007 Certificates, if any, to the date of delivery. Such sum shall be deposited in the Certificate Fund and the Acquisition and Construction Fund as provided in Article III.

Section 2.08. **Mutilated, Lost, Stolen or Destroyed Certificates.** If any Certificate is mutilated, lost, stolen or destroyed, a new Certificate may be executed on behalf of the Corporation, of like date, maturity, denomination and series as that mutilated, lost, stolen or destroyed; provided that the Trustee has received indemnity of the County, the Corporation and the Trustee from the Owner of the Certificate satisfactory to the Trustee and provided further, in case of any mutilated Certificate, that such mutilated Certificate is first surrendered to the Trustee, and in the case of any lost, stolen or destroyed Certificate, that there is first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee. If any such Certificate has matured, instead of delivering a duplicate Certificate, the Trustee may pay the same without surrender thereof. The Trustee may charge the Owner of the Certificate with its reasonable fees and expenses in this connection.

Section 2.09. **Registration of Certificates; Persons Treated as Owners; Transfer of Certificates.** Books for the registration and for the transfer of Certificates shall be kept by the Trustee which is hereby appointed the registrar. On surrender for transfer of a Certificate at the principal corporate trust office of the Trustee, duly endorsed for transfer or accompanied by an assignment duly executed by the Owner or his attorney duly authorized in writing, the Trustee shall deliver in the name of the transferee or transferees a new authenticated and fully registered Certificate or Certificates of the same series.

The Trustee is not required to register the transfer of any Certificates during the period of 15 days next preceding the mailing of notice calling such Certificate for prepayment as herein provided, or after any Certificate has been selected for prepayment.

As to any Certificate, the person in whose name the same is registered is deemed and regarded as the absolute owner thereof for all purposes, and payment of either principal or interest with respect to such Certificate shall be made only to or on the written order of the Owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge such Certificate to the extent of the sum or sums paid.

The Trustee shall require the payment, by any Owner requesting transfer of Certificates, of any tax, trustee fee, fee or other governmental charge required to be paid with respect to such transfer. If any transfer requires that more than one Certificate be executed and delivered, the principal amounts of which equal the principal amount of the Certificates surrendered for transfer, an additional fee (including the cost of printing the Certificates, if necessary) will be required.

Section 2.10. **Cancellation of Certificates.** Whenever any Outstanding Certificates are delivered to the Trustee for cancellation pursuant to this Indenture, on payment thereof or for or after replacement pursuant to Section 2.08 or 2.09 of this Indenture, such Certificates shall be promptly canceled and burned or otherwise destroyed by the Trustee, and counterparts of a certificate of destruction evidencing such burning or other destruction shall be furnished by the Trustee to the County.

Section 2.11. **Additional Certificates.** So long as the Contract remains in effect and no Event of Default has occurred and is continuing, additional certificates (the "*Additional Certificates*") may be executed and delivered with the consent of the Insurer and on the terms and conditions provided herein.

Additional Certificates may be delivered by the Trustee at the direction of the Corporation to provide funds to pay: (1) the cost of expanding the Project or acquiring, constructing, renovating and equipping other facilities or acquiring equipment and other capital assets for utilization by the County for public purposes; (2) the cost of refunding of all or any portion of the Certificates then Outstanding or any other installment financing obligations of the County, provided such a refunding does not result in a reduction in the bond rating assigned to the Outstanding Certificates by Moody's or S&P; and (3) the Costs of Issuance relating to the execution, delivery and sale of the Additional Certificates.

Additional Certificates may be executed and delivered only on there being filed with the Trustee:

(a) Originally executed counterparts of a supplemental indenture and an amendment to the Contract adopted in accordance with the requirements of Article IX and approved by the LGC, if so required by law, including requirements regarding approval of the Owners, if applicable, expressly providing that the Additional Certificates being executed and delivered as well as any Certificates and Additional Certificates theretofore executed and delivered shall be secured on a parity as hereinafter provided, except that the date or dates of the Additional Certificates, the rate or rates of interest

with respect to the Additional Certificates, the time or times of payment of the interest thereon and the principal amount thereof, and provisions for the prepayment thereof, if any, all shall be as provided in the supplemental indenture and amendment to the Contract, and further providing for an increase in the Purchase Price and the Installment Payments required or authorized to be paid to the Trustee under the Contract in such amount as shall be necessary to pay (assuming that no Event of Default shall occur), the principal, premium, if any, and interest with respect to the Additional Certificates.

(b) A written opinion or opinions of nationally recognized bond counsel and mutually acceptable to the County, the Corporation and the Trustee, to the effect that the amendment to the Contract and the authentication of the Additional Certificates have been duly authorized, that the amendment to the Contract is valid and enforceable against the County and that the exclusion from gross income for federal income tax purposes of the interest component of the Installment Payments will not be adversely affected by the execution and delivery of the Additional Certificates, and that the sale and delivery of the Additional Certificates will not constitute a default under the Contract or this Indenture or cause any violation of the covenants, agreements or representations therein or herein.

(c) A written order to the Trustee to deliver the Additional Certificates to the purchaser or purchasers therein identified on payment to the Trustee of a specified sum plus accrued interest, if any.

Each of the Additional Certificates executed and delivered under this Section 2.11 shall evidence a proportionate undivided interest in rights to receive certain Revenues under the Contract, as amended, proportionately and ratably secured with the Certificates originally executed and delivered and all Additional Certificates, if any, executed and delivered under this Section 2.11, without preference, priority or distinction of any Certificate or Additional Certificate over any other.

[End of Article II]

ARTICLE III REVENUES AND FUNDS

Section 3.01. ***Source of Payment of Certificates; Deposit of Certificate Proceeds.*** The Certificates evidence proportionate undivided interests in rights to receive certain Revenues under the Contract. Installment Payments, when, as and if received by the Trustee, shall be held hereunder for payment of the principal, premium, if any, and interest with respect to the Certificates as provided in this Indenture. The proceeds from the sale of the 2007 Certificates shall be applied as follows: (1) the amount of \$15,167,592.47 shall be deposited to the credit of the Acquisition and Construction Fund and (2) the amount of \$172,437.38 shall be paid directly by the Underwriter to the Insurer on the date the 2007 Certificates are executed and delivered. The proceeds of any Additional Certificates, executed and delivered under Section 2.11, shall be applied by the Trustee as directed in a certificate signed by a County Representative.

Section 3.02. ***Creation of the Certificate Fund.*** A special fund is hereby created and established with the Trustee, to be designated "*County of Rutherford, North Carolina 2007 Installment Financing Contract Certificate Fund*" (the "*Certificate Fund*"), the moneys in which shall be used to pay the principal, premium, if any, and interest with respect to the Certificates. Within the Certificate Fund, there are hereby created and ordered established an Interest Account and a Principal Account, the moneys in which shall be used as set forth in Section 3.05.

Section 3.03. ***Payments Into the Interest Account of the Certificate Fund.*** There shall be deposited into the Interest Account of the Certificate Fund (a) that portion of each payment of Installment Payments which is designated and paid as interest under the Contract; (b) to the extent they are not required to be deposited in the Rebate Fund, investment earnings on the Certificate Fund and the Prepayment Fund, as provided in Article V; (c) Net Proceeds from any lease of the Premises after an Event of Default to the extent required to pay the next installment of interest with respect to the Certificates or any previous installment of interest not paid; (d) all moneys required to be deposited therein in accordance with this Indenture; and (e) all other moneys received by the Trustee under this Indenture accompanied by directions from the County that such moneys are to be deposited into the Interest Account of the Certificate Fund. The Trustee shall credit all amounts deposited into the Interest Account of the Certificate Fund, including particularly the amounts set forth in Section 3.1 of the Contract, toward the interest component of the Installment Payment then due and payable under the Contract. The Trustee shall notify the County of all amounts credited toward Installment Payments within 30 days of such credit.

Section 3.04. ***Payments Into the Principal Account of the Certificate Fund.*** There shall be deposited into the Principal Account of the Certificate Fund (a) that portion of each payment of Installment Payments which is designated and paid as principal under the Contract; (b) Net Proceeds from any lease of the Premises after an Event of Default after the deposit required by Section 3.03; (c) all moneys required to be deposited therein in accordance with this Indenture; and (d) all other moneys received by the Trustee under this Indenture accompanied by directions from the County that such moneys are to be deposited into the Principal Account of the Certificate Fund.

Section 3.05. ***Use of Moneys in the Certificate Fund.*** Moneys in the Interest Account of the Certificate Fund shall be used for the payment of the interest with respect to the Certificates as the same becomes due and payable. Moneys in the Principal Account of the Certificate Fund shall be used for the payment of the principal with respect to the Certificates. Investment earnings on moneys on deposit in the Certificate Fund which are not required to be deposited in the Rebate Fund shall be applied to the next payment of Installment Payments. If the Certificates are to be prepaid in whole pursuant to Section 4.01,

any moneys remaining in the Certificate Fund, to the extent they are not required to be deposited in the Rebate Fund, shall be applied to such prepayment along with other moneys held by the Trustee for such purpose.

Section 3.06. ***Custody of the Certificate Fund.*** The Certificate Fund shall be in the custody of the Trustee. The Trustee shall withdraw sufficient funds from the Certificate Fund to pay the principal of and interest with respect to the Certificates as the same become due and payable, which responsibility, to the extent of the moneys therein, the Trustee hereby accepts.

Section 3.07. ***Creation of the Prepayment Fund.*** There is hereby created and established with the Trustee the "*County of Rutherford, North Carolina 2007 Installment Financing Contract Prepayment Fund*" (the "*Prepayment Fund*") into which shall be deposited all Net Proceeds (other than Net Proceeds from any lease of the Premises after an Event of Default deposited into the Certificate Fund under Section 3.03 or Section 3.04) and other available funds, to the extent the same is required to be deposited therein under Article VII or Section 3.5 of the Contract, and any other moneys provided by the County as a prepayment of principal components of Installment Payments. Moneys on deposit in the Prepayment Fund shall be disbursed for prepayment of the Certificates as provided in Sections 4.01(a) and (b) of this Indenture. Any income from investment of moneys in the Prepayment Fund shall be deposited into the Interest Account of the Certificate Fund and applied to the interest component of the next payment of the Installment Payments. Whenever any moneys on deposit in the Prepayment Fund are disbursed for prepayment of less than all of the Outstanding Certificates, the Installment Payments set forth in the Contract shall be recalculated by the Trustee to reflect the reduction in the outstanding principal amount of the Certificates after such prepayment. The Installment Payments, as recalculated, shall be payable May 15 and November 15 in amounts equal to the amount necessary to pay the principal and interest with respect to the Certificates coming due on the next occurring June 1 or December 1, as the case may be.

Section 3.08. ***Nonpresentment of Certificates.*** If any Certificate is not presented for payment when due, if funds sufficient to pay such Certificate have been made available to the Trustee for the benefit of the Owner thereof, it is the duty of the Trustee to hold such funds without liability for interest thereon, for the benefit of the Owner of such Certificate, who shall be restricted exclusively to such funds for any claim of whatever nature on his or her part under the Contract or this Indenture or on or with respect to such Certificate.

Any money that is so set aside or transferred and that remains unclaimed by the Owners for a period of five years after the date on which such Certificates have become payable will be treated as abandoned property under N.C.G.S. § 116B-53, and the Trustee shall report and remit this property to the Escheat Fund according to the requirements of N.C.G.S. § 116B. Thereafter, the Owners may look to the Escheat Fund for payment and then only to the extent of the amounts so received without any interest thereon, and the Trustee, the Corporation and the County shall have no responsibility with respect to such money.

Section 3.09. ***Rebate Fund.*** On the first deposit of moneys in a separate account of the Trustee to be held for the payment of rebate payments to the Federal Government pursuant to the terms of the Arbitrage and Tax Regulatory Agreement, the Trustee shall create and establish the "*County of Rutherford, North Carolina 2007 Installment Financing Contract Rebate Fund*" (the "*Rebate Fund*") to which deposits shall be made as provided in the Arbitrage and Tax Regulatory Agreement. The County shall make or cause to be made the calculation(s) required by the Arbitrage and Tax Regulatory Agreement and shall direct the Trustee to make deposits and disbursements from the Rebate Fund in accordance therewith. The Trustee shall invest the Rebate Fund pursuant to the Arbitrage and Tax Regulatory Agreement.

Section 3.10. ***Rebate Disbursements.*** Not later than 30 days after the end of the fifth anniversary of the execution and delivery of the 2007 Certificates and every five years thereafter, the Trustee shall pay to the United States the amount required to be on deposit in the Rebate Fund as of such payment date as determined by the County. Such amounts required to be on deposit in the Rebate Fund shall be provided from the County to the Trustee and the Trustee shall not be required to risk or expend any of its own moneys for this purpose. Not later than 30 days after the final retirement of the 2007 Certificates, the Trustee shall pay to the United States 100% of the balance remaining in the Rebate Fund. Each payment required to be paid to the United States pursuant to this Section shall be filed with the Internal Revenue Service Center, 1160 West 1200 Street, Ogden, Utah 84201 or such other place as the Internal Revenue Service may subsequently designate. Each payment shall be accompanied by a statement, prepared or caused to be prepared by the County, summarizing the determination of the amount to be paid to the United States.

Section 3.11. ***Creation of the Acquisition and Construction Fund.*** A special fund is hereby created and established with the Trustee to be designated "*County of Rutherford, North Carolina 2007 Installment Financing Contract Acquisition and Construction Fund*" (the "*Acquisition and Construction Fund*"). The Trustee shall deposit in the Acquisition and Construction Fund the amounts as set forth in Section 3.01. In addition, the Trustee shall deposit into the Acquisition and Construction Fund such amounts as the County may designate in a certificate signed by a County Representative in connection with the execution and delivery of Additional Certificates under Section 2.11. All Costs of Issuance shall be paid from funds in the Acquisition and Construction Fund. The Trustee shall create additional accounts within the Acquisition and Construction Fund on the County's written direction. Any moneys held in the Acquisition and Construction Fund or any account thereof shall be invested and reinvested by the Trustee in accordance with this Indenture, and the income therefrom shall be retained in the Acquisition and Construction Fund or any account thereof and used (together with all other moneys held in the Acquisition and Construction Fund) to pay the Cost of Acquisition and Construction attributable to the Project, as directed by the County. Remaining moneys held in the Acquisition and Construction Fund shall be disbursed in accordance with Section 4.2 of the Contract. After the completion of the Project or any project funded with the proceeds of Additional Certificates, the proceeds of the applicable series of Certificates may be moved from one account to another account in the Acquisition and Construction Fund or the Certificate Fund on the County's written direction.

Section 3.12. ***Application of Acquisition and Construction Fund Subsequent to Completion of Acquisition and Construction.*** The balance, if any, remaining in the Acquisition and Construction Fund on completion of the acquisition, construction, renovation and equipping of the Project, as certified in writing to the Trustee by a County Representative, will, unless otherwise directed by the County pursuant to Section 3.11, be deposited first to the credit of the Interest Account and next to the Principal Account of the Certificate Fund and applied to the future Installment Payments coming due under the Contract in the order of their due date.

Section 3.13. ***Moneys To Be Held in Trust; Reports to County.*** The ownership of the Certificate Fund, the Prepayment Fund, the Acquisition and Construction Fund and any other fund or account, except for the Rebate Fund, created hereunder or under the Contract shall be in the Trustee, for the benefit of the Owners as specified in the Indenture. Not less than once during each calendar year, the Trustee shall provide the County with an accounting for all receipts to and disbursements from each fund or account.

Section 3.14. ***Repayment to the County From the Trustee.*** After payment in full of the Certificates, the interest thereon, any premium thereon, the fees, charges and expenses of the Trustee and all other amounts required to be paid hereunder, any amounts remaining in the Certificate Fund, the Prepayment Fund, the Acquisition and Construction Fund or otherwise held by the Trustee pursuant

hereto other than the Rebate Fund shall be paid to the County on the expiration or sooner termination of the Contract as a return of an overpayment of Installment Payments.

Section 3.15. ***Custody of Separate Trust Fund.*** The Trustee is authorized and directed to hold all Net Proceeds from any insurance proceeds or condemnation awards and disburse such proceeds in accordance with Article VII of the Contract. If the County directs that any portion of such Net Proceeds be applied to prepay Certificates in accordance with the Contract, the Trustee covenants and agrees to take and cause to be taken the necessary steps to prepay on the next succeeding prepayment date the amount of Certificates so specified by the County.

[End of Article III]

ARTICLE IV
PREPAYMENT OF 2007 CERTIFICATES

Section 4.01. ***Prepayment Dates and Prices.*** The 2007 Certificates are subject to prepayment, in whole or in part, as set forth below:

(a) *Optional Prepayment.* The 2007 Certificates maturing on or before December 1, 2017 are not subject to optional prepayment before maturity. The 2007 Certificates maturing on or after December 1, 2018 are subject to optional prepayment in whole or in part on any date on or after December 1, 2017, at the option of the County, at the prepayment price equal to 100% of the principal amount of such 2007 Certificates to be prepaid, together with accrued interest to the date fixed for prepayment.

(b) *Extraordinary Prepayment.* If the County elects to prepay the Purchase Price in full or in part in accordance with Section 3.5(b) of the Contract, the 2007 Certificates shall be called for prepayment in whole or in part, as applicable, on any date selected by the County before maturity from the Net Proceeds and other available moneys described in Section 3.5(b) of the Contract, in the event that (1) all or any portion of the Project is damaged or destroyed or taken in eminent domain and the Net Proceeds are greater than or equal to \$100,000 and (2) the County elects, pursuant to the Contract, to deposit the Net Proceeds and any other available moneys into the Prepayment Fund. The 2007 Certificates called for prepayment under this subsection shall be prepaid at the prepayment price of 100% of the principal amount thereof, together with accrued interest to the prepayment date, without premium.

(c) *Mandatory Sinking Fund Prepayment.* The 2007 Certificates maturing on December 1, 2027 are subject to mandatory sinking fund prepayment on December 1 in each year on and after December 1, 2021 by lot from the principal components of the Installment Payments required to be paid by the County under the Contract with respect to each such prepayment date, at a prepayment price equal to 100% of the principal amount thereof to be prepaid, together with accrued interest thereon to the prepayment date, without premium as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2021	\$835,000	2025	\$835,000
2022	835,000	2026	835,000
2023	835,000	2027*	835,000
2024	835,000		

*Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the County may (1) deliver to the Trustee for cancellation 2007 Certificates or portions thereof in any aggregate principal amount desired, or (2) receive a credit in respect of its mandatory prepayment obligation for any 2007 Certificates which before said date have been purchased or prepaid (otherwise than through mandatory prepayment under this Section 3.1(c)) and canceled by the Trustee and not theretofore applied as a credit against any mandatory prepayment obligation. Each such 2007 Certificate or portion thereof so delivered or previously purchased or prepaid and canceled by the Trustee shall be credited by the Trustee at 100% of the

principal amount thereof against the Installment Payment obligation corresponding to such mandatory prepayment date. To the extent that the aggregate principal amount of such 2007 Certificates or portions thereof exceeds the Installment Payment obligation on such mandatory prepayment date, any excess over such amount shall be credited against future Installment Payment obligations, as directed by the County, and the principal amount of 2007 Certificates to be prepaid shall be accordingly reduced.

The County must on or before the 45th day next preceding each such mandatory prepayment date furnish the Trustee with its certificate indicating to what extent the provisions of (1) and (2) of the preceding paragraph are to be availed of with respect to such mandatory prepayment payment.

(d) *Selection.* If called for prepayment in part, the Certificates to be prepaid shall be prepaid from such series and in such order as the County shall select and within the same maturity of a series of the Certificates as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2007 Certificates is discontinued as provided in Section 2.4, by lot within a maturity in such manner as the Trustee in its discretion may determine.

When 2007 Certificates are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by Section 3.07.

The Trustee shall pay to the Owners of 2007 Certificates so prepaid the amounts due on their respective 2007 Certificates at the principal corporate trust office of the Trustee on presentation and surrender of the 2007 Certificates; provided, however, that, if prepaid in part, the 2007 Certificates may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2007 Certificate immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

Section 4.02. ***Notice of Prepayment.*** Notice of prepayment identifying the 2007 Certificates or portions thereof to be prepaid shall be given by the Trustee in writing not less than 30 days nor more than 60 days before the date fixed for prepayment by first-class mail, postage prepaid (registered or certified mail in the case of notice to DTC) (1) to DTC or its nominee or to the then existing securities depositories, or (2) if DTC or its nominee or another securities depository is no longer the Owner of the 2007 Certificates, to the then-registered Owners of the 2007 Certificates to be prepaid at their addresses appearing on the registration books maintained by the Trustee, (3) to the LGC, and (4) to at least two of the then existing national information services.

Notwithstanding the foregoing, (1) if notice is given, the failure to receive an appropriate notice shall not affect the validity of the proceedings for such prepayment, (2) the failure to give any such notice or any defect therein shall not affect the validity of the proceedings for the prepayment of the 2007 Certificates or portions thereof with respect to which notice was correctly given, and (3) the failure to give any such notice to the parties described in clauses (3) and (4) in the preceding paragraph, or any defect therein, shall not affect the validity of any proceedings for the prepayment of the 2007 Certificates.

Notice of prepayment shall specify, as applicable, (1) that the 2007 Certificates or a designated portion thereof are to be prepaid, (2) the CUSIP numbers of the 2007 Certificate or 2007 Certificates to be prepaid (unless all the 2007 Certificates are being prepaid), (3) the prepayment date, (4) the prepayment price, (5) the prepayment agent's name and address, (6) the date of original execution and delivery of the

2007 Certificates, (7) the interest rate with respect to the 2007 Certificate, (8) the maturity date of the 2007 Certificate and (9) if a prepayment in part, called amounts for prepaid certificates.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives the notice.

If at the time of mailing of notice of prepayment there shall not have been deposited with the Trustee moneys sufficient to prepay all the 2007 Certificates or portions thereof called for prepayment, which moneys are or will be available for prepayment of 2007 Certificates, such notice will state that it is conditional on the deposit of the prepayment moneys with the Trustee not later than the opening of business on the prepayment date, and such notice shall be of no effect unless such moneys are so deposited.

Section 4.03. **Prepayments.** Before the date fixed for prepayment, funds shall be deposited with the Trustee to pay, and the Trustee is hereby authorized and directed to apply such funds to the payment of, the Certificates or portions thereof called, together with accrued interest thereon to the prepayment date, and any required premium. On the giving of notice and the deposit of such funds for prepayment pursuant to this Indenture (which, in the case of prepayment pursuant to Section 4.01(a) and (b) above, may be less than the full principal amount of the Outstanding Certificates and accrued interest thereon to the prepayment date), interest with respect to the Certificates or portions thereof thus called shall no longer accrue after the date fixed for prepayment.

The Certificates or portions thereof called for prepayment shall be due and payable on the prepayment date at the prepayment price, together with accrued interest thereon to the prepayment date and any applicable prepayment premium. If any required notice of prepayment has been given and moneys sufficient to pay the prepayment price, together with accrued interest thereon to the prepayment date and any required prepayment premium, have been deposited with the Trustee, the Certificates or portions thereof so called for prepayment shall cease to be entitled to any benefit or security under this Indenture and the Owners of such Certificates shall have no rights in respect of such Certificates or portions thereof so called for prepayment except to receive payment of the prepayment price and accrued interest to the prepayment date from such funds held by the Trustee.

Anything in this Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the Certificates Outstanding.

Section 4.04. **Cancellation.** All Certificates which have been prepaid shall not be redelivered but shall be canceled and burned or otherwise destroyed by the Trustee in accordance with Section 2.10.

Section 4.05. **Delivery of New Certificates On Partial Prepayment of Certificates.** On surrender and cancellation of the Certificates called for prepayment in part only, a new Certificate or Certificates of the same maturity and interest rate and of authorized denominations, in an aggregate principal amount equal to the unprepaid portion thereof, shall be executed on behalf of the Corporation and authenticated and delivered by the Trustee. The expenses of such execution, authentication, delivery and exchange shall be paid by the County as Additional Payments under the Contract.

[End of Article IV]

ARTICLE V INVESTMENTS

All moneys held as part of the Certificate Fund, the Prepayment Fund, the Acquisition and Construction Fund or any other fund or account created hereunder or under the Contract except the Rebate Fund shall be deposited or invested and reinvested from time to time by the Trustee, at the written direction of the County as agent of the Corporation, in deposits or investments, which are Permitted Investments subject to the following restrictions:

(a) Moneys in the Acquisition and Construction Fund shall be invested only in obligations which will by their terms mature not later than the date the County estimates, in a writing provided to the Trustee, the moneys represented by the particular investment will be needed for withdrawal from the Acquisition and Construction Fund; and

(b) Moneys in the Certificate Fund shall be invested only in obligations which will by their terms mature on such dates as to ensure that on the date of each interest and principal payment, there will be in the Certificate Fund from matured obligations and other moneys already in the Certificate Fund, cash equal to the interest and principal payable on such payment date; and

(c) Moneys in the Prepayment Fund shall be invested in obligations which will by their terms mature, or will be subject to prepayment at the option of the owner thereof, on or before the date funds are expected to be required for expenditure or withdrawal.

The Rebate Fund shall be invested and reinvested by the Trustee, at the written direction of the County, in accordance with the Arbitrage and Tax Regulatory Agreement. Any and all such deposits or investments shall be held by or under the control of the Trustee. The Trustee may make any and all such deposits or investments through its own investment department or the investment department of any bank or trust company under common control with the Trustee. The Trustee is specifically authorized to enter into agreements with itself or any other person, which agreements guarantee the repurchase of specific Permitted Investments at specific prices. Except as expressly provided in Article III of this Indenture, deposits or investments, shall at all times be a part of the fund or account from which the moneys used to acquire such deposits or investments shall have come, and all income and profits on such deposits or investments shall be credited to, and losses thereon shall be charged against, such fund or account. In computing the amount in any fund or account held under the provisions of this Indenture, obligations purchased as a deposit or investment of moneys therein shall be valued at the market price thereof, exclusive of accrued interest. The Trustee shall sell and reduce to cash a sufficient amount of such deposits or investments whenever the cash balance in any fund or account created hereunder is insufficient to satisfy the purposes of such fund or account.

[End of Article V]

ARTICLE VI

DISCHARGE OF INDENTURE

If, when the Certificates secured hereby become due and payable in accordance with their terms or otherwise as provided in this Indenture, the whole amount of the principal, premium, if any, and interest due and payable with respect to all of the Certificates shall be paid or provision has been made for the payment of the same, together with all other sums payable hereunder, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Corporation to the Trustee and the Owners shall then cease, terminate and become void and be discharged and satisfied. In such event, on the request of the County, the Trustee shall transfer and convey to the County all property assigned or pledged to the Trustee by the Corporation then held by the Trustee pursuant to this Indenture, and the Trustee shall execute such documents as may be reasonably required by the County and shall turn over to the County any surplus in any fund created under this Indenture other than the Rebate Fund.

Outstanding Certificates shall, before the maturity or prepayment date thereof, be deemed to have been paid within the meaning and with the effect expressed in this Article VI if (a) in case said Certificates are to be prepaid on any date before their maturity, the County has given to the Trustee in form satisfactory to the Trustee irrevocable instructions to give on a date in accordance with the provisions of Section 4.02 notice of prepayment of such Certificates on said prepayment date, (b) there has been deposited with the Trustee either moneys in an amount which shall be sufficient, or Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time, sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to said Certificates on and before the prepayment date or maturity date thereof, as the case may be, and (c) in the event said Certificates are not by their terms subject to prepayment within the next 60 days, the County has given the Trustee in form satisfactory to it (1) irrevocable instructions to give, as soon as practicable in the same manner as the notice of prepayment is given pursuant to Section 4.02, a notice to the Owners of such Certificates that the deposit required by (b) above has been made with the Trustee and that said Certificates are deemed to have been paid in accordance with this Section and stating such maturity or prepayment date on which moneys are to be available for the payment of the principal, premium, if any, and interest with respect to said Certificates, (2) verification from an independent accountant or other nationally recognized expert not unacceptable to the Trustee that the moneys or Federal Securities deposited with the Trustee will be sufficient to pay when due the principal, premium, if any, and interest due and to become due with respect to the Certificates on and before the prepayment date or maturity date thereof and (3) an opinion of nationally recognized bond counsel that such deposit of moneys or Federal Securities will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates. Neither the Federal Securities nor moneys deposited with the Trustee pursuant to this Article VI or principal or interest payments on any such Federal Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, premium, if any, and interest with respect to said Certificates; provided any cash received from such principal or interest payments on such Federal Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Federal Securities of the type described in clause (b) of this paragraph maturing at the times and in amounts sufficient (together with any other moneys or Federal Securities then held by the Trustee as described above) to pay when due the principal, premium, if any, and interest to become due with respect to said Certificates on or before such prepayment date or maturity date thereof, as the case may be. At such time as any Certificates shall be deemed paid as aforesaid, such Certificates shall no longer be secured by or entitled to the benefits of this Indenture and the Contract, except for the purpose of exchange and transfer and any payment from such moneys or Federal Securities deposited with the Trustee.

The release of the obligations of the Corporation under this Section is without prejudice to the rights of the Trustee to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements incurred with respect to the administration of the trust hereby created and the performance of its powers and duties hereunder.

Notwithstanding anything in this Indenture to the contrary, in the event that the principal or interest due with respect to the 2007 Certificates is paid by the Insurer pursuant to the Policy, the 2007 Certificates shall remain Outstanding for all purposes, shall not be defeased or otherwise satisfied and shall not be considered paid, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the County and the Corporation to the Owners shall continue to exist and shall run to the benefit of the Insurer, and the Insurer shall be subrogated to the rights of the Owner.

[End of Article VI]

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01. ***Events of Default.*** If any of the following events occur it is hereby defined as and shall be deemed an “*Event of Default*” under this Indenture:

(a) Default in the payment of the principal or premium, if any, with respect to any Certificate when the same becomes due and payable, whether at the stated maturity thereof or on proceedings for prepayment.

(b) Default in the payment of any installment of interest with respect to any Certificate when the same becomes due and payable.

(c) The occurrence of an “*Event of Default*” as provided in Section 12.1 of the Contract.

Section 7.02. ***Remedies on Default.***

(a) On the occurrence and continuance of an Event of Default, the Trustee may, with the consent of the Insurer, and shall at the direction of the Insurer or if required by a majority in aggregate principal amount of the Owners of the Certificates with the consent of the Insurer, by written notice to the County and the Insurer, declare the obligations of the County as to the principal and interest components of Installment Payments and the aggregate principal amount of Certificates and the accrued interest with respect thereto to be immediately due and payable, whereupon they will, without further action, become due and payable.

(b) The provisions of the preceding paragraph are subject to the condition that if, after the principal with respect to any of the Installment Payments and the Certificates has been so declared to be due and payable, and before the earlier of (1) the exercise of rights granted under the Deed of Trust or (2) to the extent permitted by applicable law and Section 2.03, any judgment or decree for the payment of the moneys due has been obtained or entered as hereinafter provided, the defaulting party (the “*Defaulting Party*”) shall cause to be deposited with the Trustee a sum sufficient to pay all matured installments of the principal and interest with respect to all Certificates which have become due otherwise than by reason of such declaration (with interest on such overdue installments of principal and interest, to the extent permitted by law, at the rate or rates per annum borne by the Certificates) and such amount as is sufficient to cover reasonable compensation and reimbursement of expenses payable to the Trustee, and all Events of Default hereunder other than nonpayment of the principal or interest with respect to the Certificates which have become due by said declaration have been remedied, then, in every such case, such Event of Default shall be deemed waived and such declaration and its consequences rescinded and annulled, and the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first-class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

The provisions of paragraph (a) are further subject to the condition that any waiver of any event of default under the Contract and a rescission and annulment of its consequences shall constitute a waiver

of the corresponding Event of Default under this Indenture and a rescission and annulment of the consequences thereof. If notice of such event of default under the Contract has been given as provided herein and if the Trustee thereafter has received notice that such event of default has been waived, the Trustee shall promptly give written notice of such waiver, rescission or annulment to the Defaulting Party and shall give notice thereof by first-class mail to all Owners; but no such waiver, rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right or remedy consequent thereon.

(c) On the occurrence and continuance of any Event of Default, then and in every such case the Trustee in its discretion may, to the extent permitted by Section 2.03 and applicable law, and on the written direction of Owners of not less than a majority in principal amount of the Certificates Outstanding and receipt of indemnity to its satisfaction, shall, in its own name and as the Trustee of an express trust:

(1) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Owners, and require the Defaulting Party to carry out any agreements with or for the benefit of the Owners and to perform its or their duties under the Contract and this Indenture, provided that any such remedy may be taken only to the extent permitted under the applicable provisions of the Contract or this Indenture, as the case may be;

(2) take whatever action at law or in equity is permissible and may appear necessary or desirable to enforce its rights against the Defaulting Party or the Premises (as defined in the Deed of Trust) held as security therefor.

No right or remedy is intended to be exclusive of any other rights or remedies, but each and every such right or remedy shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. If any Event of Default has occurred and if requested by the Owners of a majority in aggregate principal amount of Certificates then Outstanding and indemnified as provided in Section 8.01(m), the Trustee is obligated to exercise, to the extent permitted by applicable law and subject to Section 2.03, such one or more of the rights and powers conferred by this Section as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

Notwithstanding anything in this Indenture to the contrary, upon the occurrence and continuance of an Event of Default and so long as the Insurer is not in default of its obligations to pay the principal and interest with respect to the 2007 Certificates as they become due pursuant to the Policy, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the 2007 Certificates or the Trustee for the benefit of the Owners of the 2007 Certificates under the Deed of Trust or this Indenture, including, without limitation, (1) the right to accelerate the principal with respect to the 2007 Certificates as described in this Indenture, (2) the right to annul any declaration of acceleration of the 2007 Certificates, or (3) the right to request, consent, elect, enforce, or waive any action subject to the request, consent, election, enforcement or waiver by the Beneficiary or Trustee under the Deed of Trust and the Insurer shall also be entitled to approve all waivers of Events of Default relating to the 2007 Certificates pursuant to Section 7.09.

Section 7.03. ***Majority of Owners May Control Proceedings.*** The Owners of a majority in aggregate principal amount of the Certificates then Outstanding have the right, at any time, to the extent permitted by law, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver, and any

other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions hereof. The Trustee is not required to act on any direction given to it pursuant to this Section until the indemnity described in Section 8.01(m) of this Indenture is furnished to it by such Owners.

Section 7.04. ***Rights and Remedies of Owners.*** Subject to Section 7.02, no Owner has any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified as provided in Section 8.01(h), or of which by said Section it is deemed to have notice, nor unless such default has become an Event of Default as defined in Section 7.01, and the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding have made written request to the Trustee and have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceedings in its own name, nor unless they have also offered to the Trustee indemnity as provided in Section 8.01(m) nor unless the Trustee thereafter fails or refuses to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Owners have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his action or to enforce any right hereunder except in the manner herein provided and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Owners of all Certificates then Outstanding. Nothing contained in this Indenture shall, however, affect or impair the right of any Owner to enforce the payment of the principal, premium, if any, and interest with respect to any Certificate at and after the maturity thereof to the extent permitted by Section 2.03 and applicable law.

Section 7.05. ***Trustee May Enforce Rights Without Certificates.*** All rights of action and claims under this Indenture or any of the Certificates Outstanding hereunder may be enforced by the Trustee without the possession of any of the Certificates or the production thereof in any trial or proceedings relative thereto; and any suit or proceeding instituted by the Trustee shall be brought in its name as the Trustee, without the necessity of joining as plaintiffs or defendants any Owners of the Certificates, and any recovery of judgment is for the ratable benefit of the Owners of the Certificates, subject to the provisions of this Indenture.

Section 7.06. ***Delay or Omission No Waiver.*** No delay or omission of the Trustee or of any Owner to exercise any right or power accruing on any default shall exhaust or impair any such right or power or shall be construed to be a waiver of any such default, or acquiescence therein; and every power and remedy given by this Indenture, to the extent permitted by applicable law and subject to Section 2.03, may be exercised from time to time and as often as may be deemed expedient.

Section 7.07. ***No Waiver of One Default to Affect Another.*** No waiver of any default hereunder, whether by the Trustee or the Owners, shall extend to or affect any subsequent or any other then existing default or shall impair any rights or remedies consequent thereon.

Section 7.08. ***Discontinuance of Proceedings on Default; Position of Parties Restored.*** If the Trustee has proceeded to enforce any right under this Indenture and such proceedings have been discontinued or abandoned for any reason, or have been determined adversely to the Trustee, then and in every such case the Corporation, the County, the Trustee and the Owners shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the

Trustee shall continue as if no such proceedings had been taken.

Section 7.09. ***Waivers of Events of Default.*** The Trustee may in its discretion waive any Event of Default hereunder and its consequences, and notwithstanding anything else to the contrary contained in this Indenture shall do so on the written request of the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding; provided, however, that there shall not be waived without the consent of the Owners of 100% of the Certificates then Outstanding as to which the Event of Default exists (a) any Event of Default in the payment of the principal or premium with respect to any Outstanding Certificates at the date of maturity specified therein or (b) any default in the payment when due of the interest with respect to any such Certificates, unless before such waiver or rescission, all arrears of interest and all arrears of payments of principal and premium, if any, then due, as the case may be (both with interest on all overdue installments at the rate or rates borne by the Certificates), and all expenses of the Trustee in connection with such default have been paid or provided for. In case of any such waiver, or in case any proceedings taken by the Trustee on account of any such default have been discontinued or abandoned or determined adversely to the Trustee, then and in every such case the Corporation, the County, the Trustee and the Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

Section 7.10. ***Application of Moneys.*** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Certificate Fund and applied as follows:

(a) Unless the principal with respect to all of the Certificates have become or have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of all installments of interest then due with respect to the Certificates, in the order of the maturity of the installments of such interest beginning with the earliest such maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid principal and premium, if any, with respect to any of the Certificates which have become due (other than Certificates matured or called for prepayment for the payment of which moneys are held pursuant to the provisions of this Indenture), in the order of their due dates and beginning with the earliest due date and, if the amount available is not sufficient to pay in full Certificates due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - To the payment to the persons entitled thereto of interest on overdue installments of principal, premium, if any, and interest, to the extent permitted by law, and if the amount available is not sufficient to pay in full any particular installment, then to the payment ratably,

according to the amounts due on such particular installment, to the persons entitled thereto, without any discrimination or privilege; and

FOURTH - To be held for the payment to the persons entitled thereto, as the same become due, of the principal, premium, if any, and interest with respect to the Certificates which may thereafter become due in accordance with the terms of this Indenture.

(b) If the principal with respect to all of the Certificates have become due or have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid with respect to the Certificates, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due, respectively, for principal and interest, to the persons entitled thereto without any discrimination or privilege, with interest on overdue installments of interest or principal, to the extent permitted by law.

Whenever moneys are to be applied pursuant to the provisions of this Section 7.10, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) on which such application is to be made and on such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever the principal, premium, if any, and interest with respect to all of the Certificates have been paid under the provisions of this Section 7.10 and all expenses and charges of the Trustee have been paid, any balance remaining in the Certificate Fund shall be paid to the County.

[End of Article VII]

ARTICLE VIII CONCERNING THE TRUSTEE

Section 8.01. ***Duties of the Trustee.*** The Trustee hereby accepts the trusts imposed on it by this Indenture and agrees to perform said trusts (including, without limitation, the delegation to the Trustee by the Corporation of all duties of the Corporation under the Contract), but only on and subject to the following express terms and conditions, and no implied covenants or obligations shall be read into this Indenture against the Trustee:

(a) The Trustee, before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise as a reasonable and prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified above, and shall be entitled to act on an Opinion of Counsel concerning all matters of trust hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act on an Opinion of Counsel and shall not be responsible for any loss or damage resulting from any action or nonaction taken by or omitted to be taken in good faith in reliance on such Opinion of Counsel.

(c) The Trustee is not responsible for any recital herein or in the Certificates (except in respect to the execution of the certificate of authentication on behalf of the Trustee), or for the recording or rerecording, filing or refiling of the Contract or this Indenture or of any supplements thereto or hereto or instruments of further assurance, or insuring the security for the Certificates or the Project, or collecting any insurance moneys or for the validity of the execution by the Corporation of this Indenture or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby, or for the value of or title to the Project, or for the maintenance of the security for the Certificates, and the Trustee is not bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Corporation or the County, except as provided herein; but the Trustee may require of the Corporation or the County full information and advice as to the performance of the covenants, conditions and agreements aforesaid. The Trustee has no obligation to perform any of the duties of the County under the Contract; and the Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article V.

(d) The Trustee may become the Owner of Certificates with the same rights which it would have if not the Trustee.

(e) The Trustee shall be protected in acting on any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be

genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee under this Indenture on the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate is conclusive and binding on all future Owners of the same Certificate and on any Certificates executed and delivered in place thereof.

(f) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee is entitled to rely on a certificate signed on behalf of the Corporation by a Corporation Representative, or on behalf of the County by a County Representative or such other person as may be designated for such purpose by a certified resolution, as sufficient evidence of the facts therein contained, and, before the occurrence of a default of which the Trustee has been notified as provided in subsection (h) of this Section or of which by said subsection it is deemed to have notice, is also at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but in no case is bound to secure the same.

(g) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee is not answerable for other than its negligence or default.

(h) The Trustee is not required to take notice or be deemed to have notice of any default hereunder except failure by the County or the Corporation to cause to be made any of the payments to the Trustee required to be made by Article III hereof, unless the Trustee is specifically notified in writing of such default by the Corporation or the County or by the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding, and all notices or other instruments required by this Indenture to be delivered to the Trustee, must, to be effective, be delivered at the corporate trust office of the Trustee identified in Section 11.09, and in the absence of such notice so delivered or express knowledge to the contrary, the Trustee may conclusively assume there is no default except as aforesaid.

(i) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust in the manner and for the purposes for which they were received but need not be segregated from other funds except to the extent required by this Indenture or law. The Trustee is not under any liability for interest on any moneys received hereunder except such as may be agreed on.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right, but are not required, to inspect any and all of the property pledged herein, including all books, papers and records of the Corporation or the County pertaining to the Project.

(k) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything in this Indenture contained, the Trustee has the right, but is not required, to demand in respect of the execution and delivery of any Certificates, the withdrawal of any cash, or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required, as a

condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Corporation or the County to the execution and delivery of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action hereunder (except for the acceleration of the Certificates under Section 7.02(a)) the Trustee may require that satisfactory indemnity be furnished to it by the Owners for the reimbursement of all expenses which it may incur and to protect it against all liability, except liability which may result from its negligence or default, by reason of any action so taken.

(n) The Trustee may use the services of an agent to carry out the duties, responsibilities and obligations required of the Trustee hereunder and where the Trustee is required to act, the agent of the Trustee may act in the place and stead of the Trustee; provided, however, that the use of any agent does not relieve the Trustee of any of its obligations under the Indenture. Where any act is to be performed or any event is to occur under the Indenture at the principal corporate trust office of the Trustee, such act or event may be performed or occur, as the case may be, at the office of the agent of the Trustee.

(o) The Trustee may not serve as the provider of any financial guaranty instrument under this Indenture or any subsequent supplemental indenture.

(p) The Trustee is not liable to the Corporation or the County for any loss suffered as a result of or in connection with any investment of funds made by the Trustee in good faith as instructed by or approved by the County.

(q) The Trustee is not accountable for the use by the Corporation of the proceeds of the Certificates.

(r) The Trustee has no duty or responsibility to examine or review, and has no liability for the contents of, any documents submitted to or delivered to any Owner in the nature of a preliminary or final placement memorandum, official statement, offering circular or similar disclosure document.

(s) The Trustee is not liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts, relating to the Project. The Trustee has no duty to inspect or oversee the construction or completion of the Project or to verify the truthfulness or accuracy of the certifications made by the Corporation with respect to the Trustee's disbursements for Costs of Acquisition and Construction in accordance with this Indenture and the Contract.

Section 8.02. ***Fees and Expenses of Trustee.*** The Trustee is entitled to payment and reimbursement for its reasonable fees for its services rendered hereunder as and when the same become due and all expenses reasonably and necessarily made or incurred by the Trustee in connection with such services as and when the same become due as provided in Section 4.7 of the Contract.

Section 8.03. ***Resignation or Replacement of Trustee.*** The Trustee may resign by giving written notice to the County, the Corporation and the Insurer not less than 60 days before such resignation is to take effect. Such resignation shall take effect only on the appointment of a successor qualified as provided in the third paragraph of this Section 8.03. The Trustee may be removed at any time (1) by the

Corporation, at the direction of the County, (2) by an instrument in writing, executed by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, or (3) by the Insurer for cause. The Corporation may not, however, remove the Trustee if an Event of Default under this Indenture has occurred and is continuing and no removal will be effective until a successor Trustee has been appointed and until such appointment has been accepted.

If the Trustee resigns or is removed or otherwise becomes incapable of acting, a successor may be appointed by County, or if there is an "*Event of Default*" by the County as provided in Section 12.1 of the Contract, by the Owners of a majority in aggregate principal amount of the Certificates then Outstanding by an instrument or concurrent instruments signed by such Owners, or their attorneys-in-fact duly appointed; provided that the Corporation may, by an instrument executed by it, appoint a successor until a new successor is appointed by the Owners as herein authorized. The Corporation on making such appointment shall forthwith give notice thereof, to each Owner and to the County, which notice may be given concurrently with the notice of resignation given by any resigning Trustee. Any successor so appointed by the Corporation shall immediately and without further act be superseded by a successor appointed in the manner above provided by the Owners of a majority in aggregate principal amount of the Certificates Outstanding.

Every successor shall always be a bank or trust company in good standing, qualified to act hereunder, and having a capital and surplus of not less than \$100,000,000. In addition, the appointment of a successor Trustee hereunder is subject to the prior written consent of the Insurer, which consent shall not be unreasonably withheld. Any successor appointed hereunder shall execute, acknowledge and deliver to the County and to the Corporation an instrument accepting such appointment hereunder, and thereon such successor shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its predecessor in the trust hereunder with like effect as if originally named as Trustee herein; but the Trustee retiring shall, nevertheless, on the written demand of its successor, execute and deliver an instrument conveying and transferring to such successor, on the trusts herein expressed, all the estates, properties, rights, powers and trusts of the predecessor, which shall duly assign, transfer and deliver to the successor all properties and moneys held by it under this Indenture. Should any instrument in writing from the County or the Corporation be required by any successor for more fully vesting in and confirming to it, the said deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered by the County or the Corporation on request of such successor.

The instruments evidencing the resignation or removal of the Trustee and the appointment of a successor hereunder, together with all other instruments provided for in this Section shall be filed and/or recorded by the successor Trustee in each recording office, if any, where this Indenture has been filed or recorded.

Section 8.04. ***Conversion, Consolidation or Merger of Trustee.*** Any bank or trust company into which the Trustee or its successor may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business as a whole shall be the successor of the Trustee under this Indenture with the same rights, powers, duties and obligations and subject to the same restrictions, limitations and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto or thereto, anything herein or therein to the contrary notwithstanding; provided, however, that such merged or successor entity meets the qualifications of a successor Trustee under Section 8.03. If any of the Certificates to be executed and delivered hereunder have been authenticated, but not delivered, any successor Trustee may adopt the certificate of any predecessor Trustee, and deliver the same as authenticated; and, if any of such Certificates have not been authenticated, the Corporation may authenticate the Certificate and any successor Trustee may deliver the same in the manner provided in Article II of this Indenture.

Section 8.05. ***Intervention by Trustee.*** In any judicial proceeding to which the Corporation or the County is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of Owners of the Certificates, and shall do so if requested in writing by the Owners of at least 25% in aggregate principal amount in Certificates then Outstanding, so long as they have provided satisfactory indemnity pursuant to Section 8.01(m).

[End of Article VIII]

ARTICLE IX
SUPPLEMENTAL INDENTURES AND
AMENDMENTS OF THE CONTRACT

Section 9.01. ***Supplemental Indentures Not Requiring Consent of Owners.*** The Trustee and the Corporation may, with the written consent of the County, and, in the case of (b) below, the Insurer, but without the consent of, or notice to, the Owners, enter into such indentures supplemental hereto for any one or more or all of the following purposes, as long as such supplemental indenture does not adversely affect the interests of the Owners:

- (a) To add to the covenants and agreements of the Corporation contained in this Indenture other covenants and agreements to be thereafter observed by the Corporation;
- (b) To cure any ambiguity, or to cure, correct or supplement any defect or omission or inconsistent provision contained in this Indenture, or to make any provisions with respect to matters arising under this Indenture or for any other purpose if such provisions are necessary or desirable and do not adversely affect the interests of the Owners; or
- (c) To execute and deliver Additional Certificates as provided in Section 2.11.

Section 9.02. ***Supplemental Indentures Requiring Consent of Owners.*** Exclusive of supplemental indentures covered by Section 9.01, the written consent of the County, the Insurer and the consent of the Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding is required for the execution by the Corporation and the Trustee of any indenture or indentures supplemental hereto; provided, however, that without the consent of the Owners of all the Certificates at the time Outstanding affected thereby nothing herein contained shall permit, or be construed as permitting:

- (a) A change in the terms of prepayment or maturity of the principal amount of or the interest with respect to any Outstanding Certificate, or a reduction in the principal amount of or premium payable on any prepayment of any Outstanding Certificate or the rate of interest thereon;
- (b) The deprivation of the Owner of any Certificate then Outstanding of the lien created by this Indenture (other than as originally permitted hereby);
- (c) A privilege or priority of any Certificate or Certificates over any other Certificate or Certificates; or
- (d) A reduction in the aggregate principal amount of the Certificates required for consent to such supplemental indenture.

If at any time the County or the Corporation requests the Trustee to enter into such supplemental indenture for any of the purposes of this Section, the Trustee shall, on being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first-class mail to the Owners of the Certificates then Outstanding at the address shown on the registration books maintained by the Trustee. Such notice shall briefly set forth the nature of the

proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. If, within 60 days or such longer period as is prescribed by the County following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Certificates then Outstanding at the time of the execution of any such supplemental indenture have consented to and approved the execution thereof as herein provided, no Owner has any right to object to any of the terms and provisions contained therein, or in the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof.

Section 9.03. ***Execution of Supplemental Indenture.*** The Trustee is authorized to join with the Corporation in the execution of any such supplemental indenture and to make further agreements and stipulations which may be contained therein, but the Trustee is not obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture. Any supplemental indenture executed in accordance with the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be deemed to be part of this Indenture for any and all purposes. In case of the execution and delivery of any supplemental indenture, express reference may be made thereto in the text of the Certificates executed and delivered thereafter, if any, if deemed necessary or desirable by the Trustee.

Section 9.04. ***Amendments of the Contract or the Deed of Trust Not Requiring Consent of Owners.*** The Corporation and the Trustee may, with the written consent of the County and, as long as the Policy is in effect and the Insurer is not in default under the Policy, the Insurer, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Contract or the Deed of Trust that does not materially adversely affect the interests of the existing Owners as may be required (a) by the provisions of the Contract, the Deed of Trust or this Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Contract or the Deed of Trust; (c) to more precisely identify the Premises (as defined in the Deed of Trust) or to add or substitute improvements acquired in accordance with the Contract, the Deed of Trust and this Indenture; (d) to execute and deliver Additional Certificates as provided in Section 2.11; (e) to amend the County's continuing disclosure obligation as provided in Article VIII of the Contract; or (f) in connection with any other change therein which, in the judgment of the Trustee, does not materially adversely affect the interests of the existing Owners.

Section 9.05. ***Amendments of the Contract or the Deed of Trust Requiring Consent of Owners.*** Except for the amendments, changes or modifications permitted by Section 9.04, neither the Corporation nor the Trustee shall consent to any other amendment, change or modification of the Contract or the Deed of Trust without the giving of notice thereof to the Owners and receipt of consent by the Insurer and the Owners of not less than a majority in aggregate principal amount of the Certificates at the time Outstanding given and procured as provided in Section 9.02. If the County and the Corporation requests the consent of the Trustee to any such proposed amendment, change or modification of the Contract or the Deed of Trust, the Trustee shall, on being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 9.02. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all Owners.

Section 9.06. ***Notice to Moody's and S&P.*** Notice of any amendment, change or modification to this Indenture or the Contract shall be given by the Trustee, on the written request and at the expense of the County, within ten days before the effective date thereof to Moody's and to S&P at the address set forth in Section 11.09.

[End of Article IX]

ARTICLE X
INSURANCE ON THE 2007 CERTIFICATES

Section 10.01. ***References to Insurer.*** Any and all references to the Insurer contained in this Indenture or the Contract are applicable only as long as the 2007 Certificates are Outstanding and the Insurer is not in default with respect to its payment obligations under the Policy.

Section 10.02. ***Additional Provisions Related to the Insurer.*** As long as the Policy is in effect and the Insurer is not in payment default under the Policy or the Insurer has provided written notice that it waives such rights as set forth in this Section 10.02, the following provisions and references to the Insurer in the Indenture are effective, notwithstanding anything to the contrary in the Indenture:

(a) The Insurer is deemed to be the sole Owner of the 2007 Certificates for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2007 Certificates are entitled to take under this Indenture. The Trustee shall take no action with respect to the 2007 Certificates except with the prior written consent, or at the direction, of the Insurer. The maturity of the 2007 Certificates shall not be accelerated without the prior written consent of the Insurer.

(b) Upon an occurrence of an Event of Default under this Indenture, the Insurer is entitled to exercise the remedies available under the Contract and the Deed of Trust (collectively, the “*Related Documents*”) as well as this Indenture. No grace period for a covenant default under this Indenture or the Related Documents shall exceed 30 days or be extended for more than 60 days without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(c) If the maturity of the 2007 Certificates is accelerated, the Insurer may elect, in its sole discretion, to pay accelerated principal with respect to the 2007 Certificates and interest accrued with respect to such principal to the date of acceleration (to the extent unpaid by the County), and the Trustee is required to accept such amounts. On payment of such accelerated principal and interest accrued to the acceleration date, the Insurer’s obligations under the Policy will be fully discharged.

(d) The Insurer may remove the Trustee for failure to comply with its obligations under the Indenture at any time, or upon the occurrence of an Event of Default, by filing a notice of removal with the County and the Corporation, not less than 60 days before such removal is to take effect as stated in said instrument or instruments.

(e) The Insurer is acknowledged and agreed to be a third-party beneficiary to the Indenture and the Related Documents.

(f) No modification, waiver, amendment or supplement to the Indenture or any of the other Related Documents may become effective except on obtaining the prior written consent of the Insurer.

(g) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer’s contractual rights and shall not be construed or

deemed to be taken for the benefit or on behalf of the Owners nor does such action evidence any position of the Insurer, positive or negative, as to whether Owner consent is required in addition to the prior written consent of the Insurer.

(h) To accomplish defeasance of the 2007 Certificates, the County shall cause to be delivered to the Insurer (1) a verification report of an independent firm of nationally recognized certified public accountants or other such accountant acceptable to the Insurer, verifying the sufficiency of the escrow established to pay the 2007 Certificates in full on the maturity or redemption date, (2) an escrow deposit agreement acceptable in form and substance to the Insurer and (3) an opinion of nationally recognized special counsel addressed to the Insurer to the effect that the 2007 Certificates are no longer Outstanding under the Indenture, acceptable in form and substance to the Insurer. The Insurer shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow. The escrow may consist solely of (1) cash, (2) securities listed in paragraph (o)(1) below, (3) with the consent of the Insurer, securities eligible for "AAA" defeasance under then-existing criteria of S&P or (4) any combination thereof. The 2007 Certificates shall be deemed Outstanding under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

(i) The Indenture shall not be discharged until all amounts due or to come due to the Insurer have been paid or duly provided for.

(j) With respect to claims upon the Policy and payments by and to the Insurer:

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("*Payment Date*") there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal and interest with respect to the 2007 Certificates due on such Payment Date, the Trustee shall give notice to the Insurer and to its designated agent (if any) (the "*Insurer's Fiscal Agent*") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2007 Certificates due on such Payment Date, the Trustee shall make a claim under the Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest with respect to the 2007 Certificates and the amount required to pay principal with respect to the 2007 Certificates, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Policy.

In the event the claim to be made is for a mandatory sinking fund redemption installment, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Owners who surrender their 2007 Certificates, a new 2007 Certificate or 2007 Certificates in an aggregate principal amount equal to the unredeemed portion of the 2007 Certificate surrendered. The Trustee shall designate any portion of payment of principal with respect to 2007 Certificates paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of 2007 Certificates registered to the then

current Owner, whether DTC or its nominee or otherwise, and shall deliver a replacement 2007 Certificate to the Insurer, registered in the name of Financial Security Assurance Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement 2007 Certificate shall have no effect on the amount of principal or interest payable by the County on any 2007 Certificate or the subrogation rights of the 2006 Insurer.

The Trustee shall keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest and principal paid in respect of any 2007 Certificate. The Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Policy, the Trustee shall establish a separate special purpose trust account for the benefit of the Owners referred to herein as the "*Policy Payments Account*" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Policy in trust on behalf of the Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the 2007 Certificates under the provisions of the Indenture regarding payment of 2007 Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee.

Any funds remaining in the Policy Payments Account following a 2007 Certificate payment date shall promptly be remitted to the Insurer.

To the extent the Insurer makes any payment of principal or interest with respect to the 2007 Certificates, the Insurer shall become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy.

Notwithstanding any provision of the Indenture to the contrary, the County agrees to pay to the Insurer (i) a sum equal to the total of all amounts paid by the Insurer under the Policy (the "*Insurer Advances*") and (ii) interest on such Insurer Advances (collectively, "*Policy Costs*") from the date paid by the Insurer until repayment thereof in full payable to the Insurer at the Late Payment Rate per annum. "*Late Payment Rate*" means the lesser of (1) the greater of (i) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (the "*Prime Rate*") (any changes in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the 2007 Certificates and (2) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JP Morgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly

announced prime or base lending rate of such national bank as the Insurer shall specify.

In order to secure the County's payment obligations with respect to the Policy Costs there is hereby granted and perfected in favor of the Insurer a security interest subordinate only to that of the Owners of the Certificates) in all revenues and collateral pledged as security for the Certificates.

(k) The County shall pay or reimburse the Insurer any and all charges, fees, costs and expenses which the Insurer may reasonably pay or incur in connection with (1) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (2) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity, (3) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed, (4) the violation by the County of any law, rule or regulation, or any judgment, order or decree applicable to it or (5) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than amounts resulting from the failure of the Insurer to honor its obligations under the Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(l) Payments required to be made to the Insurer shall be payable solely from the payments to be made by the County under the Contract or any other moneys therefor under the Contract and shall be paid after an Event of Default hereunder, with respect to amounts other than principal and interest with respect to the 2007 Certificates, on the same priority as payments to the Trustee for expenses. The obligations to the Insurer shall survive discharge or termination of the Related Documents.

(m) The Insurer is entitled to pay principal or interest with respect to the 2007 Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy) and any amounts due on the 2007 Certificates as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such term is defined in the Policy) or a claim upon the Policy.

(n) In each case in which notice or other communication to the Insurer refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(o) The Insurer shall be provided with the following information by the Trustee, except for paragraph (1) below which shall be provided by the County:

(1) Annual audited financial statements within 150 days after the end of the County's fiscal year and the County's annual budget within 30 days after the approval thereof;

(2) Notice of any default under the Indenture known to the Trustee within five Business Days after knowledge thereof;

(3) Prior notice of the advance refunding or prepayment of any of

the 2007 Certificates, including the principal amount, maturities and CUSIP numbers thereof;

(4) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto;

(5) Notice of commencement of any proceeding by or against the County commenced under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "*Insolvency Proceeding*"), but only to the extent that such proceeding is known to the Trustee;

(6) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the 2007 Certificates;

(7) A full original transcript of all proceedings relating to the execution of any amendment or supplement to the Related Documents; and

(8) All reports, notices and correspondence to be delivered under the terms of the Related Documents, but only to the extent such reports, notices and correspondence are in the possession of the Trustee.

(p) Permitted Investments shall not include corporate debt. Permitted Investments shall be limited to the following, to the extent such investments otherwise qualify under Section 159-30 of the General Statutes of North Carolina, as amended:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("*United States Treasury Obligations*"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by an agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Federal Housing Administration debentures.

3. The listed obligations of government-sponsored agencies what are not backed by the full faith and credit of the United States of America:

-Federal Home Loan Mortgage Corporation (FHLMC)

Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)

Senior Debt obligations

-Farm Credit Banks (formerly: Federal Land Banks, Federal Intermediate

- Credit Banks and Banks for Cooperatives)
- Consolidated system-wide Issuer and notes
 - Federal Home Loan Banks (FHL Banks)
 - Consolidated debt obligations
 - Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Student Loan Marketing Association (SLMA)
 - Senior debt obligations (excluded are securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date)
 - Financing Corporation (FICO)
 - Debt obligations
 - Resolution Funding Corporation (REFCORP)
 - Debt obligations

4. Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rate "A-1" or better by S&P.

5. Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$50 million.

6. Money market funds rated "AAm" or "AAm-G" by S&P, or better.

7. "State Obligations," which means:

A. direct general obligations of any state of the United States of America or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rate "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

B. direct general short-term obligations of any state agency or subdivision or agency thereof described in (A) above and rated "A-1+" by S&P and "MIG-1" by Moody's.

C. Special Revenue Certificates (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (A) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

8. Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

A. the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the

municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

B. the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

C. the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accounts to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("*Verification*");

D. the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

E. no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

F. the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

9. Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "A" by S&P and Moody's; or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "A" or better by S&P and Moody's and acceptable to the Insurer, provided that:

A. the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

B. the Trustee or a third party acting solely as agent therefor or for the County (the "*Holder of the Collateral*") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

C. the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

D. all other requirements of S&P in respect of repurchase agreements shall be met.

E. the repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the County or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the County or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

10. Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least "AA" by S&P and "Aa" by Moody's; provided that, by the terms of the investment agreement:

A. interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) on the 2007 Certificates;

B. the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the County and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

C. the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

D. the County or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the County and the Insurer) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, the Insurer;

E. the investment agreement shall provide that if during its term

(1) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with

applicable state and federal laws (other than by means of entries on the provider's books) to the County, the Trustee or a third party acting solely as agent therefor the collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(2) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A" or "A3," respectively, the provider must, at the direction of the County or the Trustee (who shall give such direction if so directed by the Insurer), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the County or Trustee, and

F. the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

G. the investment agreement must provide that if during its term

(1) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the County or the Trustee (who shall give such direction if so directed by the Insurer), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the County or Trustee, as appropriate, and

(2) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the Issuer or Trustee, as appropriate.

11. The North Carolina Capital Management Trust, provided that it is rated at least "AAm" or "AAM-G" by S&P.

(q) No Additional Certificates may be executed and delivered (1) if an Event of Default (or any event that, once all notice or grace periods have passed, would constitute an Event of Default) has occurred and is continuing unless such default is cured on the execution and delivery of such Additional Certificates and (2) unless on the execution and delivery of Additional Certificates, the value of the real property collateral subject to the Deed of Trust equals no less than 90% of the outstanding par value of any Outstanding Certificates and the Additional Certificates secured thereunder. The value of the collateral may be determined on the basis of original cost, insured value or current market value, but if more than one value is available, the lesser of the values must be used. Additional Certificates the proceeds of which will be used to financing additional projects secured under the Deed of Trust may not be issued without the Insurer's prior written consent unless the additional projects constitute schools (elementary, middle and high schools), jails, courthouses, police stations, firehouses, libraries or social service

facilities.

(r) No contract shall be entered into nor any action taken by which the rights of the Insurer or security for payment of the 2007 Certificates may be impaired or prejudiced except on obtaining the prior written consent of the Insurer.

(s) The casualty insurance policies required by the Contract must be provided by insurance carriers rated at least "A" by S&P or Moody's. The Insurer's consent is required if insurance coverage is maintained below an amount equal to the replacement cost of the Premises. If the County elects to self-insure under the Contract:

1. The self-insurance program must be approved by a nationally recognized independent actuary, insurance company, or broker that has actuarial personnel experienced in the area of insurance for which the County is self-insuring ("*Insurance Consultant*");

2. The self-insurance program must include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid; the adequacy of such fund must be evaluated on an annual basis by an Insurance Consultant; and any deficiencies in any self-insured claims reserve fund must be remedied in accordance with the recommendation of the Insurance Consultant;

3. The self-insured claims reserve fund must be held in a separate trust fund by an independent trustee;

4. If the self-insurance program is discontinued, the actuarial soundness of its claims reserve fund, as determined by an Insurance Consultant, must be maintained; and

5. Amounts payable with respect to self-insurance programs must not be subject to appropriation or abatement.

(t) Any permitted lease or sublease under the Contract must be subject to immediate termination at the Insurer's direction in the event of a default by the County under the Contract. All rights of any lessee or sublessee shall terminate on such termination. Any lease or sublease may not be a Permitted Encumbrance under the Deed of Trust if, in the opinion of the Insurer's counsel, the presence of such encumbrance would impair any ability to exercise remedies under the Contract or the Deed of Trust, including the right to foreclose under the Deed of Trust. Any lease or sublease must be subject to the Deed of Trust. All Permitted Encumbrances must be subject to the approval of the Insurer, including the Permitted Encumbrances to the title insurance policy.

[End of Article X]

ARTICLE XI MISCELLANEOUS

Section 11.01. ***Evidence of Signature of Owners and Ownership of Certificates.*** Any request, consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. Proof of the execution of any such instrument or of an instrument appointing any such attorney, or the ownership of Certificates is sufficient (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may, nevertheless, in its discretion require further or other proof in cases where it deems the same desirable:

(a) The fact and date of the execution by any Owner or his or her attorney of such instrument may be proved by the certificate of any officer authorized to take acknowledgments in the jurisdiction in which he or she purports to act that the person signing such request or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before a notary public.

(b) The ownership of the Certificates shall be proved by the registration books kept under the provisions of Section 2.09.

Any request or consent of the Owner of any Certificate binds all future Owners of such Certificate in respect of any thing done or suffered to be done by the County or the Trustee in accordance therewith.

Section 11.02. ***Covenants of Corporation.*** The Corporation agrees that the Trustee as assignee of the Corporation under the Contract may enforce, in its name or in the name of the Corporation, all rights of the Corporation and all obligations of the County under the Contract, for and on behalf of the Owners, whether or not the Corporation is in default under this Indenture. The Trustee and the Corporation hereby agree that the Corporation is not obligated to make any payments or to take any other action with respect to the Project under the Contract.

Section 11.03. ***Inspection of the Project.*** The Trustee and its duly authorized agents have the right, on reasonable notice to the County, at all reasonable times, to examine and inspect the Project. The Trustee and its duly authorized agents shall also be permitted, at all reasonable times, to examine the books, records, reports and other papers of the County with respect to the Project.

Section 11.04. ***Parties Interested Herein.*** Nothing in this Indenture expressed or implied is intended or shall be construed to confer on, or to give to any person other than the County, the Corporation, the Trustee, the Insurer and the Owners, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation hereof; and all the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Corporation or the Trustee shall be for the sole and exclusive benefit of the County, the Corporation, the Trustee, the Insurer and the Owners.

Section 11.05. ***Titles, Headings and Captions.*** The titles, captions and headings of the articles, sections and subdivisions of this Indenture have been inserted for convenience of reference only and shall in no way modify or restrict any of the terms or provisions hereof.

Section 11.06. **Severability.** If any provision of this Indenture, other than Section 2.03, is held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. If any one or more of the provisions provided in this Indenture shall be construed to be held invalid or unenforceable, the parties hereto shall, in the alternative, agree to replace such provision with a lawful provision which most nearly approximates the provision held to be invalid or unenforceable.

Section 11.07. **Governing Law.** This Indenture shall be construed, interpreted, governed and enforced in accordance with the laws and Constitution of the State.

Section 11.08. **Execution in Counterparts.** This Indenture may be executed in several counterparts, each of which shall be an original and all of which constitute but one and the same instrument.

Section 11.09. **Notices.** All notices, certificates or other communications are sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, as follows:

If to the County:	County of Rutherford, North Carolina 289 North Main Street Rutherfordton, NC 28139 Attention: Finance Director
If to the Corporation:	Rutherford County Public Facilities Company c/o Elizabeth T. Miller 346 North Main Street PO Box 800 Rutherfordton, NC 28139
If to the Insurer:	Financial Security Assurance Inc. 31 West 52nd Street New York, New York 10019 Attention: Managing Director – Surveillance
If to the Trustee:	Regions Bank 1045 Providence Road, 2 nd Floor Charlotte, North Carolina 28207 Attention: Corporate Trust Department
If to Moody's:	Moody's Investors Service 7 World Trade Center at 250 Greenwich Street New York, NY 10003 Attention: Public Finance Department Rating Desk
If to S&P:	Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. 55 Water Street New York, NY 10009 Attention: Public Finance Department

The County, the Corporation, the Trustee, the Insurer, Moody's and S&P may, by written notice, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

A copy of all notices given by the Trustee to the Owners of the 2007 Certificates hereunder shall be delivered to the Insurer at the same time and in the same manner of delivery.

Section 11.10. ***Payments Due on Holidays.*** If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Indenture, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Indenture.

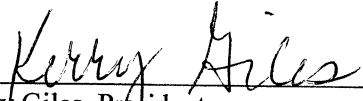
Section 11.11. ***Corporation, County, and Trustee Representatives.*** Whenever under the provisions hereof the approval of the Corporation, the County or the Trustee is required, or the County, the Corporation or the Trustee is required to take some action at the request of the other, unless otherwise provided, such approval or such request shall be given for the Corporation by a Corporation Representative, for the County by a County Representative and for the Trustee by a Trustee Representative, and the Corporation, the County and the Trustee shall be authorized to act on any such approval or request.

[SIGNATURES ON FOLLOWING PAGE]

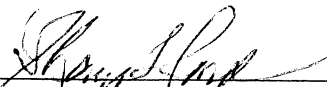
IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Indenture to be executed in their respective corporate names and their respective corporate seals to be hereto affixed and attested by their duly authorized officials or officers, all as of the date first above written.

**RUTHERFORD COUNTY PUBLIC FACILITIES
COMPANY**

[SEAL]

By: 
Kerry Giles, President

Attest:



Sherry Henderson, Secretary


[Counterpart Signature Page to the Indenture]

REGIONS BANK,
as Trustee

[SEAL]

Attest:

By:  _____
Vice President


Assistant Secretary

**EXHIBIT A
FORM OF CERTIFICATE**

R-

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**UNITED STATES OF AMERICA
STATE OF NORTH CAROLINA**

CERTIFICATE OF PARTICIPATION, SERIES 2007

**EVIDENCING A PROPORTIONATE UNDIVIDED
INTEREST IN RIGHTS TO RECEIVE
CERTAIN REVENUES PURSUANT TO AN
INSTALLMENT FINANCING CONTRACT
BETWEEN RUTHERFORD COUNTY PUBLIC FACILITIES COMPANY AND THE
COUNTY OF RUTHERFORD, NORTH CAROLINA**

**INTEREST
RATE**

**MATURITY DATE
December 1,**

**DATED DATE
December 20, 2007**

CUSIP

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

THIS CERTIFIES THAT THE REGISTERED OWNER (named above), or registered assigns, has a proportionate undivided interest in rights to receive certain revenues, as described below, pursuant to a certain Installment Financing Contract dated as of December 1, 2007 (which agreement as from time to time amended is referred to herein as the "*Contract*"), between RUTHERFORD COUNTY PUBLIC FACILITIES COMPANY (the "*Corporation*") and the COUNTY OF RUTHERFORD, NORTH CAROLINA, a North Carolina political subdivision (the "*County*"). The interest of the Owner of this Certificate of Participation (this "*2007 Certificate*") is secured as provided in the Indenture of Trust dated as of December 1, 2007 (the "*Indenture*"), between the Corporation and Regions Bank, as trustee (the "*Trustee*"), for the registered owners of the 2007 Certificates (the "*Owners*"), by which the rights (with certain exceptions) of the Corporation, under the Contract, have been assigned by the Corporation to the Trustee for the benefit of the Owners. Pursuant to the Contract and the Indenture, the Owner hereof is entitled to receive, solely out of and to the extent available from the sources hereinafter identified, on the Maturity Date stated above (or earlier as hereinafter provided), the Principal Sum stated above, and interest thereon from the Dated Date (shown above) at the interest rate per annum stated above, payable commencing on June 1, 2008, and semiannually thereafter on June 1 and December 1 in each year until payment in full of such Principal Sum. Principal with respect to this 2007 Certificate is payable in lawful money of the United States of America at the corporate trust office of the Trustee located in Charlotte, North Carolina, or that of its successor; and interest with respect to this 2007 Certificate is payable to the Owner hereof by check or draft of the Trustee, or its successor, to be mailed to such Owner at his or her address as it last appears in the registration books kept by the Trustee as of the 15th day of the month next preceding such Interest Payment Date. Notwithstanding the foregoing, so long as Cede & Co. is the

registered Owner of this 2007 Certificate, the principal and interest with respect to this 2007 Certificate shall be paid by wire transfer in immediately available funds on each principal payment date and interest payment date.

The 2007 Certificates will be delivered by means of a book-entry system with no physical distribution of 2007 Certificates made to the public. One 2007 Certificate for each maturity will be executed and delivered to The Depository Trust Company, New York, New York ("*DTC*"), and immobilized in its custody. A book-entry system will be employed, evidencing ownership of the 2007 Certificates in principal amounts in the denomination of \$5,000 or any integral multiple thereof, with transfers of beneficial ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC. While DTC or its nominee is the registered owner of this 2007 Certificate, payments of principal and interest will be made to DTC or its nominee in accordance with existing arrangements by wire transfer in immediately available funds. The County and the Trustee will not be responsible or liable for maintaining, supervising, or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as securities depository for the 2007 Certificates or (b) the County determines that the continuation of the book-entry system of evidence and transfer of ownership of the 2007 Certificates would adversely affect the interests of the County or the beneficial owners of the 2007 Certificates, the County will discontinue the book-entry system with DTC. If the County fails to identify another qualified securities depository to replace DTC, the Trustee will authenticate and deliver replacement 2007 Certificates in the form of fully registered 2007 Certificates.

The County, the Corporation, and the Trustee do not have any responsibility or obligations with respect to (a) the accuracy of any records maintained by DTC; (b) the payment by DTC of any amount due to any beneficial owners in respect of the principal and interest with respect to the 2007 Certificates; (c) the delivery or timeliness of delivery by DTC of any notice which is required or permitted under the terms of the Contract or Indenture to be given to Owners; (d) the selection of Owners to receive payments in the event of any partial prepayment of the 2007 Certificates; or (e) any consent given or other action taken by DTC, or its nominee.

EACH 2007 CERTIFICATE EVIDENCES A PROPORTIONATE UNDIVIDED INTEREST IN THE RIGHT TO RECEIVE CERTAIN REVENUES UNDER THE CONTRACT. THE OBLIGATION OF THE COUNTY TO MAKE INSTALLMENT PAYMENTS AND ADDITIONAL PAYMENTS IS A LIMITED OBLIGATION OF THE COUNTY, PAYABLE SOLELY FROM CURRENTLY BUDGETED APPROPRIATIONS OF THE COUNTY; DOES NOT CONSTITUTE A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA; AND DOES NOT CONSTITUTE A DIRECT OR INDIRECT PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF NORTH CAROLINA.

This 2007 Certificate is one of the certificates of participation evidencing proportionate undivided interests in rights to receive certain revenues (the "*Revenues*") pursuant to the Contract and the Indenture, in an aggregate principal amount of \$14,680,000 executed and delivered pursuant to the Indenture for the purpose, among others, of providing funds to finance the Project. Under the Contract, the Corporation has agreed to advance to the County the Purchase Price, the proceeds from which will be used to finance the Project, and the County has agreed to pay directly to the Trustee semiannual payments (the "*Installment Payments*") in repayment of the Purchase Price, the proceeds of which are required by the Indenture to be distributed by the Trustee to the payment of the principal, premium, if any, and interest with respect to the 2007 Certificates. In addition to the Installment Payments, the County has agreed to make certain other payments (the "*Additional Payments*") sufficient to pay the fees and expenses of the Trustee and the Corporation and other expenses required to be paid by the County under the Contract. The

County has covenanted in the Contract to pay the Installment Payments and the Additional Payments as they become due, and executed and delivered as security for that payment obligation the Deed of Trust and Security Agreement dated as of December 1, 2007 (the "*Deed of Trust*") from the County to the Deed of Trust trustee named therein for the benefit of the Corporation with respect to the Premises. If the Contract is terminated by reason of an Event of Default, the principal amount of this 2007 Certificate and the interest with respect thereto will be payable from such moneys, if any, as may be available for such purpose, including any moneys received by the Trustee from the sale, lease, sublease or other disposition of the Premises pursuant to the Deed of Trust. The Contract may also be terminated if the County exercises its option to prepay in full the Purchase Price. If the County prepays the Purchase Price in full, the proceeds thereof are required to be used to pay the principal, premium, if any, and interest with respect to the 2007 Certificates. Reference is hereby made to the Contract and the Indenture for a description of the rights, duties and obligations of the County, the Corporation, the Trustee and the Owners, the terms on which the 2007 Certificates are secured, the terms and conditions on which the 2007 Certificates will be deemed to be paid at or before maturity or prepayment of the 2007 Certificates on the making of provision for the full or partial payment thereof, and the rights of the Owners on the occurrence of an Event of Default or circumstances under which Additional Certificates can be issued. All capitalized, undefined terms used herein have the meanings ascribed thereto in the Contract and the Indenture.

Subject to the execution and delivery of any Additional Certificates in accordance with the Indenture, if the County pays all Installment Payments due under the Contract through December 1, 2027 and otherwise complies with its obligations under the Contract through such date, the Indenture and the Contract provide that the Trustee shall release the lien of the Indenture on December 1, 2027.

The 2007 Certificates are executed and delivered solely as fully registered certificates without coupons in denominations of \$5,000 and any integral multiple thereof.

This 2007 Certificate is transferable by the Owner hereof in person or by his or her attorney duly authorized in writing on the registration books kept at the principal corporate trust office of the Trustee on surrender of this 2007 Certificate together with a duly executed written instrument of transfer satisfactory to the Trustee. On such transfer, a new fully registered 2007 Certificate or Certificates without coupons of the same maturity, of authorized denomination or denominations, for the same aggregate principal amount, will be executed and delivered to the transferee in exchange herefor, all on payment of the charges and subject to the terms and conditions set forth in the Indenture. The Trustee shall deem the person in whose name this 2007 Certificate is registered as the absolute owner hereof, whether or not this 2007 Certificate shall be overdue, for the purpose of receiving payment and for all other purposes, and neither the County nor the Trustee shall be affected by any notice to the contrary.

If this 2007 Certificate is called for prepayment in part only, on surrender and cancellation of this 2007 Certificate, a new fully registered 2007 Certificate or Certificates of the same maturity, of authorized denominations, in an aggregate principal amount equal to the unrepaid portion hereof, shall be executed and delivered by the Trustee to the Owner hereof.

The 2007 Certificates are subject to prepayment, in whole or in part, as follows:

(a) *Optional Prepayment.* The 2007 Certificates maturing on or before December 1, 2017 are not subject to optional prepayment before maturity. The 2007 Certificates maturing on or after December 1, 2018 are subject to optional prepayment in whole or in part on any date on or after December 1, 2017, at the option of the County, at the prepayment price equal to 100% of the principal amount of such 2007 Certificates to be prepaid, together with accrued interest to the date fixed for prepayment.

(b) *Extraordinary Prepayment.* If the County elects to prepay the Purchase Price in full or in part in accordance with Section 3.5(b) of the Contract, the 2007 Certificates shall be called for prepayment in whole or in part, as applicable, on any date selected by the County before maturity from the Net Proceeds and other available moneys described in Section 3.5(b) of the Contract, in the event that (1) all or any portion of the Project is damaged or destroyed or taken in eminent domain and the Net Proceeds are greater than or equal to \$100,000 and (2) the County elects, pursuant to the Contract, to deposit the Net Proceeds and any other available moneys into the Prepayment Fund. The 2007 Certificates called for prepayment under this subsection shall be prepaid at the prepayment price of 100% of the principal amount thereof, together with accrued interest to the prepayment date, without premium.

(c) *Mandatory Sinking Fund Prepayment.* The 2007 Certificates maturing on December 1, 2027 are subject to mandatory sinking fund prepayment on December 1 in each year on and after December 1, 2021 by lot from the principal components of the Installment Payments required to be paid by the County under the Contract with respect to each such prepayment date, at a prepayment price equal to 100% of the principal amount thereof to be prepaid, together with accrued interest thereon to the prepayment date, without premium as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2021	\$835,000	2025	\$835,000
2022	835,000	2026	835,000
2023	835,000	2027*	835,000
2024	835,000		

*Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory prepayment date, the County may (1) deliver to the Trustee for cancellation 2007 Certificates or portions thereof in any aggregate principal amount desired, or (2) receive a credit in respect of its mandatory prepayment obligation for any 2007 Certificates which before said date have been purchased or prepaid (otherwise than through mandatory prepayment under this Section 3.1(c)) and canceled by the Trustee and not theretofore applied as a credit against any mandatory prepayment obligation. Each such 2007 Certificate or portion thereof so delivered or previously purchased or prepaid and canceled by the Trustee shall be credited by the Trustee at 100% of the principal amount thereof against the Installment Payment obligation corresponding to such mandatory prepayment date. To the extent that the aggregate principal amount of such 2007 Certificates or portions thereof exceeds the Installment Payment obligation on such mandatory prepayment date, any excess over such amount shall be credited against future Installment Payment obligations, as directed by the County, and the principal amount of 2007 Certificates to be prepaid shall be accordingly reduced.

The County must on or before the 45th day next preceding each such mandatory prepayment date furnish the Trustee with its certificate indicating to what extent the provisions of (1) and (2) of the preceding paragraph are to be availed of with respect to such mandatory prepayment payment.

(d) *Selection.* If called for prepayment in part, the Certificates to be prepaid

shall be prepaid from such series and in such order as the County shall select and within the same maturity of a series of the Certificates as selected by DTC pursuant to its rules and procedures or, if the book-entry system with respect to the 2007 Certificates is discontinued as provided in Section 2.4, by lot within a maturity in such manner as the Trustee in its discretion may determine.

When 2007 Certificates are to be prepaid in part, the schedule of Installment Payments set forth in the Contract shall be recalculated as necessary by the Trustee in the manner required by the Indenture.

The Trustee shall pay to the Owners of 2007 Certificates so prepaid the amounts due on their respective 2007 Certificates at the principal corporate trust office of the Trustee on presentation and surrender of the 2007 Certificates; provided, however, that, if prepaid in part, the 2007 Certificates may be prepaid only in multiples of \$5,000. Prepayments shall be accompanied by a written designation prepared by the Trustee stating the portion of the payment representing the unpaid principal amount of the 2007 Certificate immediately before the payment, the portion of the payment representing interest, and the remaining portion, if any, which shall be designated and paid as a prepayment premium.

If the Owner of any 2007 Certificate of a denomination greater than the amount being prepaid fails to present such 2007 Certificate to the Trustee for payment and exchange as aforesaid, such 2007 Certificate will, nevertheless, become due and payable on the date fixed for prepayment to the extent of the denomination being prepaid and to that extent only.

Anything in the Indenture to the contrary notwithstanding, if an Event of Default occurs and is continuing, there will be no prepayment of less than all of the 2007 Certificates Outstanding.

The Indenture permits amendments thereto and to the Contract and the Deed of Trust on the agreement of the Corporation and the Trustee and with the approval of the Owners of not less than a majority or, in certain instances, 100% in aggregate principal amount of the 2007 Certificates at the time Outstanding. The Indenture also contains provisions permitting the Corporation and the Trustee to enter into amendments to the Indenture and the Contract without the consent of the Owners of the 2007 Certificates for certain purposes.

Any consent or request by the Owner of this 2007 Certificate is conclusive and binding on such Owner and on all future Owners of this 2007 Certificate and of any certificate executed and delivered on the transfer of this 2007 Certificate, whether or not notation of such consent or request is made on this 2007 Certificate.

This 2007 Certificate is executed and delivered with the intent that the laws of the State of North Carolina shall govern its legality, validity, enforceability and construction.

This 2007 Certificate is not entitled to any right or benefit under the Indenture, or valid or obligatory for any purposes until this 2007 Certificate has been authenticated by the execution by the Trustee, or its successors as Trustee, of the certificate of authentication inscribed hereon.

IN WITNESS WHEREOF, the Rutherford County Public Facilities Company has caused this 2007 Certificate to be executed with the manual or facsimile signature of its President and its corporate seal or a facsimile thereof to be impressed or imprinted hereon and attested with the manual or facsimile signature of its Secretary, all as of the Dated Date set forth above.

**RUTHERFORD COUNTY PUBLIC FACILITIES
COMPANY**

[SEAL]

By: _____
Kerry Giles, President

Attest:

Sherry Henderson, Secretary

STATEMENT OF INSURANCE

Financial Security Assurance Inc. ("*Financial Security*"), New York, New York, has delivered its municipal bond insurance policy with respect to the scheduled payments due of principal and interest with respect to this 2007 Certificate to Regions Bank, Charlotte, North Carolina, or its successor, as trustee for the 2007 Certificates (the "*Trustee*"). Said policy is on file and available for inspection at the designated office of the Trustee and a copy thereof may be obtained from Financial Security or the Trustee.

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates of Participation, Series 2007 evidencing a proportionate undivided interest in rights to receive within-mentioned Revenues pursuant to the within-mentioned Contract.

REGIONS BANK,
as Trustee

Dated: December 20, 2007

By: _____
Vice President

[FORM OF ASSIGNMENT]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please print or typewrite Name and Address,
including Zip Code, and Federal Taxpayer Identification or
Social Security Number of Assignee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to register the transfer of the within Certificate on the books kept for registration thereof,
with full power of substitution in the premises.

Dated: _____

Signature guaranteed by:

NOTICE: Signature must be guaranteed by a Participant in the Securities Transfer Agent Medallion Program ("Stamp") or similar program.

NOTICE: The signature to this assignment must correspond with the name as it appears on the face of the within Certificate in every particular, without alteration, enlargement or any change whatever.